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# **Appropriations for FY2004: Labor, Health and Human Services, and Education**

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## Summary

This report tracks the progress of the bill providing FY2004 appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED). This legislation provides discretionary funds for three major federal departments and related agencies. The report summarizes L-HHS-ED discretionary funding issues but not authorization or entitlement issues.

On February 3, 2003, the President submitted the FY2004 budget request to the Congress. The L-HHS-ED request was \$135.6 billion in discretionary funds; the comparable FY2003 amount was \$134.7 billion, enacted primarily through **P.L. 108-7**. The House and Senate FY2004 L-HHS-ED proposals—**H.R. 2660 (H.Rept. 108-188)** and **H.R. 2660 (S. 1356, S.Rept. 108-81)**, respectively—were combined in **H.R. 2673 (H.Rept. 108-401)**, the Consolidated Appropriations Act, 2004, which provides \$140.1 billion of discretionary funds for L-HHS-ED, prior to a reduction (see page ). Five continuing resolutions, **P.L. 108-84 (H.J.Res. 69)**, as amended, provided temporary FY2004 funding until **H.R. 2673** was signed into law, as **P.L. 108-199**, on January 23, 2004.

**Department of Labor (DOL):** DOL discretionary appropriations were \$11.8 billion in FY2003; \$11.9 billion is enacted for FY2004. Most programs would be funded approximately at FY2003 levels. DOL activities include the Workforce Investment Act (WIA) and the Bureau of International Labor Affairs. Restrictions on new DOL regulations for overtime pay were not included in P.L. 108-199.

**Department of Health and Human Services (HHS):** HHS discretionary appropriations were \$60.1 billion in FY2003; \$62.1 billion is enacted for FY2004. The National Institutes of Health (NIH) would be increased by \$1.0 billion, and the Centers for Disease Control and Prevention (CDC) by \$260 million. Community Health Centers, Substance Abuse and Mental Health Services Administration (SAMHSA), Low-Income Home Energy Assistance Program (LIHEAP), and Head Start would receive increases of at least \$100 million.

**Department of Education (ED):** ED discretionary appropriations were \$53.1 billion in FY2003, \$56.0 billion is enacted for FY2004. Title I Part A Grants to Local Educational Agencies would be increased by \$728 million, Individuals with Disabilities Education Act (IDEA) Part B Grants to States by \$1.3 billion, and Pell Grants by \$713 million. Impact Aid, Teacher Quality, and Perkins Vocational Education programs would be funded at approximately their FY2003 levels.

**Related Agencies:** Discretionary appropriations for related agencies were \$9.6 billion in FY2003, \$10.2 billion is enacted for FY2004. Supplemental Security Income (SSI) discretionary activities would be increased by \$157 million, and Administrative Expenses of the Social Security Administration would be increased by \$320 million. The Corporation for Public Broadcasting (CPB) and the Corporation for National and Community Service (CNCS) would be funded at about their FY2003 levels.

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## Most Recent Developments

### P.L. 108-199 (H.R. 2673) Enacted

Following a series of five continuing resolutions, the Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED) Appropriations Act, 2004, was enacted on January 23, 2004, as Division E of **P.L. 108-199**, the Consolidated Appropriations Act, 2004 (**H.R. 2673**, **H.Rept. 108-401**). Prior to the application of a 0.59% reduction for most discretionary programs (see page ), the act provides \$140.1 billion for L-HHS-ED discretionary programs.

### Senate Bill H.R. 2660 (S. 1356) Passed

On September 10, 2003, the Senate amended and passed **H.R. 2660 (S. 1356, S.Rept. 108-81)**; the bill would provide \$139.3 billion in discretionary appropriations for L-HHS-ED programs.

### House Bill H.R. 2660 Passed

On July 10, 2003, the House amended and passed **H.R. 2660 (H.Rept. 108-188)**; the bill would provide \$138.3 billion in discretionary appropriations for L-HHS-ED programs.

### President's Budget Submitted

On February 3, 2003, the President submitted the FY2004 budget to Congress, requesting \$135.6 billion in discretionary funds for L-HHS-ED programs; \$134.7 billion was the comparable FY2003 amount.

**Table 1** summarizes the L-HHS-ED legislative status.

**Table 1. Legislative Status of Labor, Health and Human Services, and Education Appropriations, FY2004**

Subcommittee markup		H.Rept. 108-188	House passage	S.Rept. 108-81	Senate passage	Confer. report H.Rept. 108-401	Conference report approval		Public Law 108-199
House	Senate						House	Senate	
6/19/03 11-7	6/25/03 11-3	6/25/03 33-23 (a)	7/10/03 215-208 (b)	6/26/03 25-4 (c)	9/10/03 94-0 (d)	11/25/03 (e)	12/8/03 242-176 (f)	1/22/04 65-28 (g)	1/23/04 (h)

- H.R. 2660:** The House Committee on Appropriations approved its version of the FY2004 L-HHS-ED appropriations on June 25, and ordered the bill reported. **H.R. 2660 (H.Rept. 108-188)** was introduced and reported on July 8, 2003.
- H.R. 2660:** The House passed H.Res. 312 (**H.Rept. 108-192**), the rule for the floor consideration of H.R. 2660, by voice vote; see *Congressional Record*, Daily Edition, July 9, 2003, p. H6396-6417. The House amended and passed H.R. 2660 on July 10, 2003; see *Congressional Record*, Daily Edition, July 10, 2003, p. H6470-6581. House approval was by a vote of 215-208 (Roll Call no. 353), p. H6581.
- S. 1356:** The Senate Committee on Appropriations introduced, approved, and reported its version of the FY2004 L-HHS-ED appropriations, **S. 1356 (S.Rept. 108-81)**, on June 26, 2003.
- H.R. 2660:** The Senate amended and passed **H.R. 2660**, on September 10, 2003; see *Congressional Record*, Daily Edition, September 10, 2003, p. S11263-11303, S11307-11315, S11321-11341. Included in the

- amendments were the provisions of **S. 1356**. Senate approval was by a vote of 94-0 (Roll Call no. 347), p. S11241.
- e. **H.R. 2673**: The text of the conference report **H.Rept. 108-401** on the Consolidated Appropriations Act, 2004, is reprinted in the *Congressional Record*, Daily Edition, November 25, 2003, Book II, p. H12323-12746; supplementary tables are printed in the *Congressional Record*, Daily Edition, December 8, 2003, p. H12768-12812.
  - f. **H.R. 2673**: The House approved the conference agreement on **H.R. 2673**, the Consolidated Appropriations Act, 2004; see *Congressional Record*, Daily Edition, December 8, 2003, p. H12766-12845. House approval was by a vote of 242 to 176 (Roll Call no. 676), p. H12845.
  - g. **H.R. 2673**: The Senate approved **H.R. 2673**; see *Congressional Record*, Daily Edition, January 22, 2004, p. S129-157. Senate approval was by a vote of 65 to 28 (Roll Call no. 3), p. S156.
  - h. **Five FY2004 continuing resolutions**, beginning with **P.L. 108-84 (H.J.Res. 69)**, as amended, provided temporary funding for most L-HHS-ED programs for the period October 1, 2003, through January 23, 2004, the date that **H.R. 2673** was signed into law as **P.L. 108-199**.

FY2003 L-HHS-ED appropriations were enacted in several stages, including eight continuing resolutions—**P.L. 107-229**, as amended; regular FY2003 L-HHS-ED appropriations—**P.L. 108-7 (H.J.Res. 2, H.Rept. 108-10)**, February 20, 2003; and the Emergency Wartime Supplemental Appropriations Act, 2003—**P.L. 108-11 (H.R. 1559, H.Rept. 108-76)**, April 16, 2003. For additional legislative details, see “Related Legislation” on page .

**Note on Most Recent Data.** In this report, data on FY2003 and FY2004 appropriations are based on the L-HHS-ED table in the **H.R. 2673** conference report of November 25, 2003, **H.Rept. 108-401**. The FY2004 conference amounts are the **pre-reduction** amounts stated in the conference report, prior to the application of a 0.59% reduction for most discretionary appropriations required elsewhere in that report (see page ); FY2003 amounts in the conference tables are **post-reduction**, reflecting the 0.65% reduction from most FY2003 discretionary programs required by **P.L. 108-7** (see page ). In most cases data represent net funding for specific programs and activities and take into account current and forward funding and advance appropriations; however, all data are subject to additional budgetary scorekeeping. Except where noted, budget data refer only to those programs within the purview of the L-HHS-ED appropriations bill, and not to all programs within the jurisdiction of the relevant departments and agencies.

## Summary and Key Issues

This report describes the President’s proposal for FY2004 appropriations for L-HHS-ED programs, as submitted to the Congress February 3, 2003, and the congressional response to that proposal. It compares the President’s FY2004 request to the FY2003 L-HHS-ED amounts. It tracks legislative action and congressional issues related to the FY2004 L-HHS-ED appropriations bill, with particular attention paid to discretionary programs. In addition, the report summarizes activities related to the annual budget process, such as the congressional budget resolution, continuing resolutions, and supplemental appropriations (see “Related Legislation,” page ). However, the report does not follow specific funding issues related to mandatory L-HHS-ED programs—such as Medicare or Social Security—nor will it follow the authorizing legislation necessary prior to funding some of the President’s initiatives. For a glossary of budget terms, see “Appendix A: Terminology,” page . For a discussion of the jurisdiction of the L-HHS-ED bill, see “Appendix B: Scope of the L-HHS-ED Bill,” page .

The L-HHS-ED bill typically is one of the more controversial of the 13 regular appropriations bills, not only because of the size of its funding total and the scope of its programs, but also because of the continuing importance of various related issues, such as restrictions on the use of federal funds for abortion and stem cell research. This bill provides most of the discretionary

funds for three federal departments and several related agencies including the Social Security Administration (SSA). Of the 13 annual appropriations bills, the L-HHS-ED bill is the largest single source of discretionary funds for domestic federal programs; the Defense bill is the largest source of discretionary funds among all federal programs. For FY2003, the L-HHS-ED bill accounted for \$130.2 billion (16.6%) and the Defense bill accounted for \$371.0 billion (47.4%) of the estimated \$782.2 billion total for all federal discretionary budget authority, as reported in *Budget of the United States Government Fiscal Year 2004*, Table S-8. This section summarizes the larger funding changes proposed for L-HHS-ED and related issues such as earmarks for specific projects, 302(b) allocations, and advance appropriations. Later sections will provide additional details for each L-HHS-ED department.

## Program Level and Current Year Appropriations

**Table 2** summarizes the L-HHS-ED appropriations for FY2004, including both discretionary and mandatory appropriations. The table shows various aggregate measures of FY2003 enacted and FY2004 proposed L-HHS-ED appropriations, including discretionary program level, current year, and advance appropriations, as well as scorekeeping adjustments.

- **Program level appropriations** reflect the total discretionary appropriations in a given bill, regardless of the year in which they will be spent, and therefore include advance funding for future years. *Unless otherwise specified, appropriations levels in this report refer to program level amounts.*
- **Current year appropriations** represent discretionary appropriations in a given bill for the current year, plus discretionary appropriations for the current year that were enacted in prior years. Current year discretionary appropriations are similar to the amount counted for the 302(b) allocations ceilings (discussed later, page ).
- **Advance appropriations** are funds that will not become available until after the fiscal year for which the appropriations are enacted—for example, funds included in the FY2004 act that cannot be spent before FY2005 at the earliest (discussed later, page ).
- **Scorekeeping adjustments** are made to account for special funding situations; the Congressional Budget Office (CBO) monitors these adjustments.

Because appropriations may consist of mixtures of budget authority enacted in various years, two summary measures are frequently used—program level appropriations and current year appropriations. How are these measures related? For an “operational definition,” program level funding equals (a) current year, plus (b) advances for future years, minus (c) advances from prior years, and minus (d) scorekeeping adjustments. **Table 2** shows these amounts, along with current year funding for mandatory programs and some grand totals for the L-HHS-ED bill.

**Table 2. Summary of L-HHS-ED Appropriations**

(\$ in billions)

Type of budget authority	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
<b>Discretionary appropriations</b>					
Program level: current bill for any year	\$134.7	\$135.6	\$138.3	\$139.3	\$140.1
Current year: current year from any bill	132.4	138.0	138.0	137.6	139.8



Type of budget authority	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Advances for future years (from the current bill)	21.5	18.9	19.2	19.3	19.3
Advances from prior years (from previous bills)	19.2	21.5	19.3	19.3	19.3
Scorekeeping adjustments	0.0	-0.2	-0.4	-1.7	-0.3
<b>Current year discretionary and mandatory funding</b>					
Discretionary	132.4	138.0	138.0	137.6	139.8
Mandatory	290.8	325.9	332.0	326.0	332.0
Total current year	423.2	463.9	470.0	463.6	471.8
<b>Grand total of funding for L-HHS-ED bill, any year</b>					
Grand total any year	\$431.0	\$469.7	\$478.4	\$473.6	\$480.3

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; FY2004 conference amounts do not reflect the cuts from most discretionary programs required elsewhere in the conference bill (see page ).

**Note:** Both FY2003 and FY2004 mandatory amounts are estimates that are subject to adjustments after the close of their respective fiscal years.

a. The FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.

## President's Request

With regard to the President's budget, the primary issues raised during congressional consideration of any appropriations request generally relate to proposed funding changes. The summary below notes changes proposed for FY2004 discretionary budget authority of at least \$100 million compared to the FY2003 amount. Viewing this list by itself should be done with caution, since the relative impact of a \$100 million funding change to a \$500 million program (a 20% increase or decrease) is greater than a \$100 million change to a \$5 billion program (a 2% increase or decrease). Later in this report, the discussions of budgets for individual departments include tables to compare the FY2004 request with the FY2003 funding for many of the major programs in the L-HHS-ED bill. Overall, \$135.6 billion in discretionary appropriations at the program level is requested for L-HHS-ED, a 0.7% increase over the comparable FY2003 amount of \$134.7 billion. At the time that the President's FY2004 request was submitted to the Congress (February 3, 2003), the regular FY2003 L-HHS-ED appropriations provided by P.L. 108-7 (signed into law on February 20, 2003), had not yet been enacted.

- For Department of Labor (DOL) programs, the FY2004 request includes a reduction of \$248 million for job training programs authorized by the Workforce Investment Act of 1998 (WIA) and a reduction of \$136 million for the Bureau of International Labor Affairs (ILAB). Overall, \$11.6 billion in discretionary appropriations is requested for DOL, a 1.7% decrease compared to the FY2003 amount of \$11.8 billion.
- For Department of Health and Human Services (HHS) programs, the request proposes an increase of \$681 million for National Institutes of Health (NIH). An additional \$122 million is proposed for Community Health Centers; however, the \$104 million Community Access Program would be eliminated. Other increases include an additional \$255 million for Substance Abuse and Mental Health



Services Administration (SAMHSA), \$169 million for the Centers for Medicare and Medicaid Services (CMS) Program Management, \$311 million for Low-Income Home Energy Assistance Program (LIHEAP), \$148 million for Head Start, and \$101 million for Safe and Stable Families. Requested decreases include reductions of \$312 million for Health Professions and \$151 million for Community Services Block Grant (CSBG). The request would eliminate the \$295 million Health Care and Other Facilities program. Overall, \$60.9 billion in discretionary appropriations is requested for HHS, a 1.3% increase over the FY2003 amount of \$60.1 billion.

- For Department of Education (ED) programs, the request would provide increases of \$1.4 billion for Pell Grants, \$666 million for Title I Part A Grants to Local Educational Agencies (LEAs) for the Education of the Disadvantaged, and \$655 million for Special Education Part B Grants to States under the Individuals with Disabilities Education Act (IDEA). Proposed decreases would include reductions of \$172 million for Impact Aid, \$394 million for 21<sup>st</sup> Century Community Learning Centers (21CCLC), \$414 million for the Fund for the Improvement of Education (FIE), \$326 million for the Perkins Vocational Education program, and \$132 million for the Fund for the Improvement of Postsecondary Education (FIPSE). Funding would be eliminated for the \$168 million Rural Education and \$161 million Smaller Learning Communities programs. Discretionary funding of \$842 million is requested to support the creation of a new unified discretionary account for the administration of federal student aid programs. This proposal would be offset in part by a savings of \$795 million from the consolidation of certain related expenses for student aid administrative activities. Overall, \$53.2 billion in discretionary appropriations is requested for ED, a 0.2% increase over the FY2003 amount of \$53.1 billion.
- For the related agencies, the budget proposes increases of \$218 million for Supplemental Security Income (SSI) discretionary activities and \$427 million for the Limitation on Administrative Expenses at the Social Security Administration (SSA). The budget would not provide a two-year advance appropriations for the Corporation for Public Broadcasting (CPB) for FY2006; \$390 million was provided in the FY2003 bill (for FY2005). Overall, \$9.9 billion in discretionary appropriations is requested for related agencies, a 3.1% increase over the FY2003 amount of \$9.6 billion.

## House Bill

On July 8, 2003, the House Committee on Appropriations reported its version of the L-HHS-ED appropriations for FY2004, as **H.R. 2660 (H.Rept. 108-188)**. The House amended and passed H.R. 2660 on July 10, 2003. The House accepted two amendments during floor consideration, one to require research regarding the effectiveness of drugs and biological products and the other to increase school safety funding. On October 2, 2003, the House voted to instruct the conferees to agree to the Senate provisions regarding overtime regulations issued by DOL.

## House Highlights

Overall, the House bill would provide program level discretionary appropriations of \$138.3 billion for L-HHS-ED programs. The comparable amount requested by the President is \$135.6 billion; the FY2003 amount was \$134.7 billion. The House bill differs from the President's request in a number of details.

- For DOL programs, the House bill proposes that WIA programs would be funded at \$5.1 billion, \$125 million more than the FY2004 request. Overall, the House bill would provide \$11.7 billion for discretionary appropriations for DOL, \$0.1 billion more than requested but \$0.1 billion less than the FY2003 amount.
- For HHS programs, the House bill would fund Health Professions at a level \$382 million higher than requested; the Children's Hospital Graduate Medical Education at \$106 million higher; and the Centers for Disease Control and Prevention (CDC) at \$322 million higher. The request would eliminate the Community Access program; the House would maintain FY2003 funding at \$104 million. The House bill would reduce LIHEAP funding by \$200 million; Safe and Stable Families would be \$100 million less than the request; and the Public Health and Social Services Emergency Fund (PHSSEF) would receive \$119 million less than requested. Overall, the House bill would provide \$61.2 billion for discretionary appropriations for HHS, \$0.3 billion more than requested and \$1.1 billion more than the FY2003 amount.
- For ED programs, compared to the FY2004 request by the President, the House bill would provide \$1.5 billion more for all programs in aggregate under the Elementary and Secondary Education Act of 1965 (ESEA), \$222 million more for Impact Aid, \$400 million more for 21<sup>st</sup> Century Community Learning Centers, \$107 million more for FIE, \$345 million more for IDEA Part B Grants to States, and \$319 million more for Perkins Vocational Education. The House would maintain funding for two programs that would be eliminated under the request: Rural Education and Smaller Learning Communities. The House bill would not agree to the President's request to consolidate student loan administrative activities. Overall, the House bill would provide \$55.4 billion for discretionary appropriations for ED, \$2.2 billion more than requested and \$2.3 billion more than the FY2003 amount.
- For related agencies, the House bill would provide a two-year advance appropriations of \$330 million for the CPB, which would not receive funding under the request. It would provide \$107 million less than requested for the SSA Limitation on Administrative Expenses. Overall, the House bill would provide \$10.0 billion for discretionary appropriations for related agencies, \$0.1 billion more than the amount requested and \$0.4 million more than the FY2003 amount.

## Senate Bill

On June 26, 2003, the Senate Committee on Appropriations reported its version of the FY2004 L-HHS-ED appropriations, as **S. 1356 (S.Rept. 108-81)**. The Senate amended and passed **H.R. 2660** on September 10, 2003; the provisions of **S. 1356** were included in the Senate amendment to the House bill, along with several other amendments. In total, the Senate accepted 43 amendments during floor consideration. Many of these amendments would make funding adjustments for specific programs which would not significantly change the size of the overall bill. However, among the more notable amendments agreed to by the Senate was a proposal by Senator Harkin that would prohibit a DOL regulatory change to prevent certain workers from receiving overtime compensation, and a proposal by Senator Dodd that would increase funding for IDEA Part B Grants to States by \$1.2 billion by means of an offset created by an extension of Customs User Fees.

## ***Senate Highlights***

Overall, the FY2004 Senate bill would provide program level discretionary appropriations of \$139.3 billion for L-HHS-ED programs. The comparable amount requested by the President is \$135.6 billion. The House bill would provide \$138.3 billion; the FY2003 amount was \$134.7 billion.

- For DOL programs, the Senate bill differs in a number of respects from the House bill, but not by as much as \$100 million for any single program. Overall, the Senate bill would provide \$11.9 billion in discretionary appropriations for DOL, \$0.2 billion more than the House bill, \$0.3 billion more than requested, and \$0.1 billion more than the FY2003 amount of \$11.6 billion.
- For HHS programs, the Senate bill differs in several respects from the House bill. The Senate bill would provide \$319 million more than the House bill for NIH, \$200 million more for LIHEAP, and \$151 million more for the Community Services Block Grant. The Senate would provide \$171 million less for SAMHSA. Funding would be eliminated for the \$104 million Community Access program. The Children's Hospital Graduate Medical Education would not receive specific funding but would be consolidated with Health Professions. Overall, the Senate bill would provide \$61.3 billion in discretionary appropriations for HHS, \$0.1 billion more than the House bill, \$0.4 billion more than requested, and \$1.2 billion more than the FY2003 amount of \$60.1 billion.
- For ED programs, the Senate bill differs with the House bill in several respects. The Senate would provide \$572 million less than the House bill would provide for all ESEA programs in aggregate, and ED Departmental Management would receive \$109 million less than the House bill. However, IDEA Part B Grants to States would receive \$1.2 billion more than the House amount. Overall, the Senate bill would provide \$55.8 billion in discretionary appropriations for ED, \$0.4 billion more than the House amount, \$2.6 billion more than requested, and \$2.7 billion more than the FY2003 amount of \$53.1 billion.
- For related agencies, the Senate bill differs with the House bill for a number of programs, but with only one program is the difference as great as \$100 million. The Senate bill would provide \$5.4 billion for the SSA Limitation on Administrative Expenses, \$107 million more than what the House bill would provide. Overall, the Senate bill would provide \$10.3 billion in discretionary appropriations for the related agencies, \$0.3 billion more than the House bill, \$0.4 billion more than requested, and \$0.7 billion more than the FY2003 amount of \$9.6 billion.

## **Public Law**

**H.R. 2673**, the Consolidated Appropriations Act, 2004, was signed into law on January 23, 2004, as **P.L. 108-199**. This act combined the remaining seven FY2004 appropriations bills that had not yet been enacted into a single, omnibus bill. Division E of the act is the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2004. Division H, the Miscellaneous Appropriations and Offsets Act, 2004, includes additional L-HHS-ED appropriations in Section 167. Section 168 of Division H requires reductions to be made to FY2004 appropriations for most discretionary programs (described below). The House approved the H.R. 2673 conference report, **H.Rept. 108-401**, on December 8, 2003, by a vote of 242 to 176

(Roll Call no. 676). The Senate approved the H.R. 2673 conference report on January 22, 2004, by a vote of 65 to 28 (Roll Call no. 3).

“Across-the-Board” Reductions for FY2004 . In an effort to meet the overall spending limitations requested by the President, the H.R. 2673 conferees included two reductions in discretionary appropriations—one for defense, the other for non-defense appropriations. These provisions are specified in P.L. 108-199, Division H, “Miscellaneous Appropriations and Offsets,” Section 168. The **defense reduction** requires a rescission of \$1.8 billion from unobligated balances that remain available from the FY2001 anti-terrorism supplemental, **P.L. 107-38**; the FY2002 anti-terrorism supplemental, **P.L. 107-117**; and unobligated balances from any appropriations for the Department of Defense.

The **non-defense reduction** requires a decrease of 0.59% from most domestic discretionary appropriations found in H.R. 2673, as well as from certain FY2004 appropriations enacted separately and advance appropriations for FY2004 enacted in previous years. This reduction will yield an estimated \$2.8 billion (see *Congressional Record*, Daily Edition, December 12, 2003, p. H12812; also see CRS Report RS21684, *FY2004 Consolidated Appropriations: Reference Guide*). For such eligible appropriations, the 0.59% reduction must be applied to “each discretionary account and each item of budget authority” and to each program, project, and activity within each such account or item. FY2004 supplemental appropriation acts and discretionary amounts from FY2004 Defense and Military Construction Appropriations Acts are excluded, as are advance appropriations for FY2005 or later that would be enacted through H.R. 2673. Although the exact percentage of the non-defense reduction procedure is specified, the actual application and reductions for each account or line item would be determined by the Office of Management and Budget (OMB) and the individual agencies. Within 30 days of enactment of the bill, OMB is required to report the account and amount of each rescission. *The FY2004 conference data in this report are based on the stated funding levels, unadjusted by the application of the required reduction procedures, as the exact reduction for each program was not specified by the Congress.*

In addition, Section 515 of the FY2004 L-HHS-ED bill requires a \$50 million reduction of funds otherwise provided for L-HHS-ED administrative and related expenses on a pro rata basis. Within 15 days of enactment, OMB is required to report the account and amount of each reduction.

Funding Highlights . Several L-HHS-ED programs receive FY2004 funding above their FY2003 level, including some above the President’s request. Funding for a few programs is provided at a level less than in FY2003. Overall, as shown in **Table 2**, the FY2004 discretionary total for L-HHS-ED programs is \$140.1 billion, prior to the offsets required elsewhere in the conference agreement. The FY2004 amount is \$5.4 billion (4.0%) more than the FY2003 amount of \$134.7 billion; the President requested \$135.6 billion for FY2004. The FY2004 bill includes \$19.3 billion in advance appropriations for FY2005 and later; the FY2003 appropriations included \$21.5 billion for FY2004 and later. Compared to FY2003 funding levels, the FY2004 appropriations are increased or decreased by at least \$100 million for the following programs; additional details and funding amounts are provided in the separate agency summaries.

- **For DOL**, several funding changes are made, but none by as much as \$100 million. Overall, the conference agreement, as enacted, provides \$11.9 billion in discretionary appropriations for DOL, less than \$0.1 billion more than in FY2003.
- **For HHS**, compared to FY2003 amounts, \$122 million more is provided for Community Health Centers, \$260 million more for the CDC, \$1.0 billion more for the NIH, \$116 million more for SAMHSA, \$100 million more for CMS

Program Management, \$211 million more for LIHEAP, and \$148 million more for Head Start. Funding is reduced by \$110 million for the PHSSEF. Overall, the conference agreement provides \$62.1 billion in discretionary appropriations for DHHS, \$2.0 billion more than in FY2003.

- **For ED**, funding is increased by \$827 million for all ESEA programs in aggregate, including \$728 million more for the Title I Part A Grants to LEAs, as well as \$1.3 billion more for IDEA Part B Grants to States and \$713 million more for Pell Grants. Overall, the conference agreement provides \$56.0 billion in discretionary appropriations for ED, \$2.9 billion more than in FY2003.
- **For Related Agencies**, funding is increased by \$157 million for SSI discretionary activities and by \$320 million for the SSA Limitation on Administrative Expenses. Overall, the conference agreement provides \$10.2 billion in discretionary appropriations for the L-HHS-ED related agencies, \$0.5 billion more than in FY2003.

**Modification of Existing Programs and Activities . P.L. 108-199**, in addition to enacting appropriations, authorizes various new projects or modifies existing provisions that govern the use of appropriated funds for L-HHS-ED.

- Section 106 of Division E of P.L. 108-199 specifies the conditions under which DOL must re-propose a rule concerning respirable coal dust which incorporates the use of Personal Dust Monitors.
- Section 108 amends the woodworking provisions of the Fair Labor Standards Act (FLSA) to exempt certain youth ages 14 to 18 years old from specific FLSA requirements.
- Section 215 modifies the authority of HHS to carry out international health activities, including programs for HIV/AIDS and other diseases.
- Section 218 requires a report on the possible role of NIH in the promotion of inventions and products developed with federal funds.
- Section 220 designates the Senator Paul D. Wellstone NIH Muscular Dystrophy Cooperative Research Centers program in honor of the late Senator.
- Section 221 allows the use of funds in support of the NIH Roadmap for Medical Research Initiative to coordinate biomedical research activities that transcend the capability of individual NIH institutes.
- Section 305 requires a special study for the simplification of need analysis methodologies and applications of federal student financial assistance programs.
- Section 516 prevents the use of L-HHS-ED funds under the Library Services and Technology Act by any library that has not made the certifications required by the Children's Internet Protection Act.
- Section 517 prevents the use of L-HHS-ED funds under the ESEA Title II Part D Enhancing Education Through Technology Act of 2001 by any elementary or secondary school that has not made the certifications required by the Children's Internet Protection Act.
- Section 104 of Division H of P.L. 108-199 authorizes and appropriates \$500,000 for the Commission on the Abraham Lincoln Study Abroad Fellowship Program to promote study abroad by students at institutions of higher education in the United States.



- Section 157 directs the DOL Pension Benefit Guaranty Corporation (PBGC) to restore certain pension benefits under the Republic Steel Retirement Plan.

## Earmarks for Specific Projects

The earmarking of funds for specific projects in appropriations bills has become a topic of contention for the Congress and the Administration, and the issue extends to L-HHS-ED projects. In some instances, L-HHS-ED appropriations are earmarked for specific recipients or locations, either in the public law or in the conference report. For the most part, the authorizing statute gives the general purpose for such earmarks, such as “projects for the improvement of postsecondary education,” but subsequently an appropriations act or conference report designates specific recipients by means of earmarks. Such designations usually bypass standard administrative procedures for an agency’s competitive distribution of awards. The President has urged the elimination of congressional earmarks in appropriations in recent years, but the Congress has continued the practice.

In terms of numbers of L-HHS-ED earmarks, the FY2004 conference report, H.Rept. 108-401, included an estimated 2,000 earmarks for specific L-HHS-ED projects. The estimated number for L-HHS-ED was approximately 1,600 earmarks in FY2002 and seven earmarks in FY1996.

In terms of dollar amounts for L-HHS-ED earmarks, the FY2004 estimated total was \$876 million, or 0.18% of the grand total L-HHS-ED appropriation. For FY2002, the estimated amount was \$1.0 billion, or 0.25% of the grand total; for FY1996, the estimated amount was \$15 million, or 0.01% of the grand total.

## 302(a) and 302(b) Allocation Ceilings

The maximum budget authority for annual L-HHS-ED appropriations is determined through a two-stage congressional budget process. In the first stage, the Congress agrees to overall spending totals in the annual concurrent resolution on the budget. Subsequently, these amounts are allocated among the various committees, usually through the statement of managers for the conference report on the budget resolution. These amounts are known as the **302(a) allocations**. They include the discretionary totals available to the House and Senate Committees on Appropriations for enactment in annual appropriations. For FY2004, the Congress agreed to the budget resolution, **H.Con.Res. 95, conference report H.Rept. 108-71**, on April 11, 2003. The resolution provides for an FY2004 discretionary total of \$784.5 billion. For procedural information, see CRS Report 98-721, *Introduction to the Federal Budget Process*.

In the second stage of the process, the appropriations committees allocate the 302(a) discretionary funds among their subcommittees for each of the 13 annual appropriations bills. These amounts are known as the **302(b) allocations**. These allocations must add up to no more than the 302(a) discretionary allocation, and form the basis for enforcing budget discipline, since any bill reported with a total above the ceiling is subject to a point of order. The 302(b) allocations can and often do get adjusted during the year as the various appropriations bills progress toward final enactment. The 302(b) discretionary allocations for the FY2004 appropriations bills that were agreed to by the House and Senate Committees on Appropriations are shown in **Table 3**. Comparable amounts for FY2003, the President’s FY2004 budget, and the FY2004 conference agreement are also shown. Both the 302(a) and the 302(b) allocations regularly become contested issues in their own right.

**Table 3. FY2004 302(b) Discretionary Allocations for L-HHS-ED**

(budget authority in billions of dollars)

<b>FY2003 enacted comparable</b>	<b>FY2004 request comparable</b>	<b>FY2004 House allocation</b>	<b>FY2004 Senate allocation</b>	<b>FY2004 conference comparable</b>
\$132.4	\$138.0	\$138.0	\$137.6	\$139.8

**Source:** The FY2004 House allocation is based on **H.Rept. 108-228**, July 22, 2003. The FY2004 Senate allocation is based on **S.Rept. 108-175**, October 29, 2003. Comparable amounts from the FY2003 enacted, FY2004 request, and FY2004 conference agreement are based on the FY2004 conference report **H.Rept. 108-401**, November 25, 2003; the FY2004 conference amount does not reflect the discretionary cuts required elsewhere in the bill (see page ).

## Advance Appropriations

Advance appropriations occur when funding enacted in one fiscal year cannot be spent until a subsequent fiscal year; see CRS Report RS20441, *Advance Appropriations, Forward Funding, and Advance Funding*. For example, **P.L. 108-7**, which enacted FY2003 L-HHS-ED appropriations, provided \$390 million for the Corporation for Public Broadcasting (CPB) for use in FY2005. Advance appropriations may be used to meet several objectives. These might include the provision of long-term budget information to recipients, such as state and local educational systems, to enable better planning of future program activities and personnel levels. The more contentious aspect of advance appropriations, however, is how they are counted in budget ceilings. Advance appropriations avoid the 302(a) and 302(b) allocation ceilings for the current year, but must be counted in the year in which it first becomes available. This procedure uses up ahead of time part of what will be counted against the allocation ceiling in future years. For an example of the impact of advance appropriations on program administration, see the discussion below in the section on ED (page ).

The FY1999 and FY2000 annual L-HHS-ED appropriations bills provided significant increases in advance appropriations for discretionary programs. These amounts stabilized at approximately \$19 billion, or about 14 to 15% of L-HHS-ED discretionary appropriations, for the period FY2000 through FY2002, then increased to \$21.5 billion in FY2003. For FY2002, the President's budget proposed the elimination of advance appropriations for federal discretionary programs, including those for L-HHS-ED programs; the Congress rejected that proposal, and it has not been repeated. For FY2004, the President's request would provide L-HHS-ED advance appropriations of \$18.9 billion; the House bill, \$19.2 billion; and the Senate bill and the conference agreement, \$19.3 billion. From FY1998 to the present, the advance appropriations enacted in L-HHS-ED bills have been as follows:

- FY1998, \$4.0 billion;
- FY1999, \$8.9 billion;
- FY2000, \$19.0 billion;
- FY2001, \$18.8 billion;
- FY2002, \$19.3 billion;
- FY2003, \$21.5 billion;
- FY2004, as requested by the President, \$18.9 billion;
- FY2004, as passed by the House, \$19.2 billion;



- FY2004, as passed by the Senate, \$19.3 billion; and
- FY2004, as agreed to by conference, \$19.3 billion.

Section 106 of **P.L. 108-84 (H.J.Res. 69)**, enacted September 30, 2003, amended the FY2003 L-HHS-ED appropriations enacted by **P.L. 108-7** to make a one-time reduction to the FY2003 advance appropriations for FY2004 of \$2.2 billion, and to increase regular FY2003 appropriations by the same amount.

## Major Funding Trends

The L-HHS-ED appropriations bills combine mandatory and discretionary funds; however, the Appropriations Committees fully control only the discretionary funds. Mandatory funding levels for programs included in the annual appropriations bills are modified through changes in the authorizing legislation. These changes typically are accomplished through the authorizing committees and combined into large, omnibus reconciliation bills. **Table 4** shows the trend in discretionary budget authority under the L-HHS-ED appropriations for FY1999 through FY2003.

As shown in **Table 4**, total L-HHS-ED discretionary funds increased by 45.5% during this five-year period. The five-year increase is reduced to an estimated 35.8% after adjustment for inflation by use of the Gross Domestic Product (GDP) deflator. When compared to all federal discretionary budget authority, the L-HHS-ED portion increased from 15.4% share of the federal total in FY1999 to an estimated 17.4% in FY2003. When compared to all federal budget authority, both discretionary and nondiscretionary (mandatory), the L-HHS-ED portion of the federal total increased during this period from 5.0% in FY1999 to an estimated 6.0% in FY2003.

**Table 4. L-HHS-ED Discretionary Funding Trends from FY1999**  
(budget authority in billions of dollars)

Type of funds	FY1999	FY2000	FY2001	FY2002	FY2003 estimate <sup>a</sup>
L-HHS-ED discretionary	\$89.5	\$87.1	\$110.5	\$123.7	\$130.2
L-HHS-ED discretionary in estimated FY2003 dollars	\$95.9	\$91.5	\$113.3	\$125.3	\$130.2
L-HHS-ED % of all federal discretionary funds <sup>b</sup>	15.4%	14.9%	16.6%	16.8%	17.4%
L-HHS-ED % of total federal budget authority	5.0%	4.8%	5.6%	5.9%	6.0%
Total federal discretionary	\$581.8	\$584.4	\$663.8	\$734.7	\$749.0
Total federal budget authority	\$1,776.7	\$1,824.9	\$1,959.7	\$2,090.1	\$2,154.4
GDP deflator	1.0477	1.0679	1.0940	1.1080	1.1221

**Source:** Federal totals and the GDP deflator are based on the *Budget of the United States Government Historical Tables Fiscal Year 2004*, Tables 5.2, 5.4, and 10.1. The L-HHS-ED discretionary budget authority amounts are based on the *Budget of the United States Government* from various years, and therefore may not be completely comparable from year to year.

- FY2003 estimates were based on the FY2003 budget request since FY2003 appropriations were not yet enacted at the time of submission of the FY2004 budget request in February 2003; FY2003 amounts do not include any supplemental appropriations and rescissions for L-HHS-ED and other appropriations that were enacted for FY2003.
- Discretionary funds include both defense and non-defense activities.

## World Wide Web Sites

General information on budget and appropriations may be found at these websites. Specific L-HHS-ED agency sites are listed in relevant sections of this report.

### House Committees

<http://www.house.gov/appropriations>

<http://www.house.gov/budget/>

### Senate Committees

<http://www.senate.gov/~appropriations/>

<http://www.senate.gov/~budget/>

### Congressional Budget Office (CBO)

<http://www.cbo.gov>

### Congressional Research Service (CRS)

<http://www.crs.gov/products/appropriations/apppage.shtml>

### General Accounting Office (GAO)

<http://www.gao.gov/>

### Government Printing Office (GPO)

<http://w3.access.gpo.gov/usbudget/index.html>

### Office of Management & Budget (OMB)

<http://www.whitehouse.gov/omb/budget/index.html>

<http://www.whitehouse.gov/omb/legislative/sap/index.html>

## Department of Labor

The FY2004 budget proposal for discretionary appropriations at the Department of Labor (DOL) is \$11.6 billion, \$0.2 billion (1.7%) less than the FY2003 appropriations of \$11.8 billion, as shown in **Table 5**. As passed, the House bill would provide \$11.7 billion; the Senate bill as passed would provide \$11.9 billion; and the conference agreement, as enacted, provides \$11.9 billion, prior to offsets required elsewhere in the conference agreement (see page ).

**Table 5. Department of Labor Discretionary Appropriations**

(\$ in billions)

Funding	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Appropriations	\$11.8	\$11.6	\$11.7	\$11.9	\$11.9

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; FY2004 conference amounts do not reflect the discretionary cuts required elsewhere in the conference bill. Amounts represent discretionary programs funded by L-HHS-ED appropriations; appropriations for mandatory programs are excluded.

a. FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.

Mandatory DOL programs included in the FY2003 L-HHS-ED bill were funded at \$3.1 billion, and consist of the Black Lung Disability Trust Fund (\$1.0 billion), Federal Unemployment Benefits and Allowances (\$1.0 billion), Advances to the Unemployment Insurance and Other Trust Funds (\$0.5 billion), Special Benefits for Disabled Coal Miners (\$0.4 billion), Employment Standards Administration Special Benefits programs (\$0.2 billion), and Energy Employees Occupational Illness Fund (\$0.1 billion).

## **Key Issues**

**President's Request .** The President's FY2004 budget request for DOL proposes reductions in several job training programs, and the elimination of grants under the Bureau of International Labor Affairs (ILAB). Discretionary changes of at least \$100 million requested for DOL programs under the President's FY2003 budget include the following:

- A reduction of \$248 million is requested for programs authorized by the Workforce Investment Act of 1998 (WIA), which is funded at \$5.2 billion in FY2003. These reductions would include a decrease of \$49 million for Dislocated Worker Assistance State Grants, funded at \$1.2 billion in FY2003; \$29 million for Dislocated Worker Assistance Secretary's Reserve, funded at \$306 million in FY2003; and \$110 million for other WIA federal activities, funded at \$212 million in FY2003. No funds would be provided for the \$77 million Migrant and Seasonal Farmworkers program or the \$44 million Youth Opportunity Grants. On the other hand, \$53 million more would be provided for Job Corps, funded at \$1.5 billion in FY2003.
- The ILAB would be funded at \$12 million, a reduction of \$136 million; \$148 million is provided in FY2003. Under the request, the ILAB grants program would be eliminated.

## **House Bill**

The House bill, as passed, is similar to the President's request for DOL programs with the exception that WIA programs would be funded at \$5.1 billion, \$125 million more than requested but \$123 million less than the FY2003 amount. In particular, Dislocated Workers Assistance programs, both State Grants and Secretary's Reserve, would be level funded, and funding for Migrant and Seasonal Farmworkers would be set at \$60 million, \$17 million less than the FY2003 amount.

## **Senate Bill**

The Senate bill, as passed, differs little from the House bill for DOL programs, and in no place by as much as \$100 million. WIA programs would be funded at \$5.1 billion, \$64 million above the House proposal and \$189 million above the President's request. In particular, Dislocated Worker Assistance State Grants would receive \$25 million more than the House amount, and Migrant and Seasonal Farmworkers program would be provided an increase of \$17 million; however, the Dislocated Workers Assistance Secretary's reserve would receive \$29 million less than the House amount. For the ILAB, the Senate bill would provide \$108 million, \$96 million more than the House or the request, but \$40 million less than the FY2003 amount. The Senate bill would include a rescission, estimated to be \$211 million, from unexpended Welfare-to-Work funds for formula grants to the states; neither the President nor the House made such a proposal, and none was enacted for FY2003.

## Public Law

Under the FY2004 conference agreement, as enacted, funding levels would change from FY2003 to FY2004 for a number of DOL discretionary programs, but no change would be as great as \$100 million. The agreement does include a rescission of unexpended Welfare-to-Work funds for formula grants to the states, estimated to be \$176 million; the reduction would not rescind unexpended funds estimated to be needed by the states to close out their grant programs.

## Overtime Pay Regulation

Section 13(a)(1) of the Fair Labor Standards Act (FLSA) exempts from the Act's minimum wage and overtime pay requirements employers of *bona fide executive, administrative or professional employees*. To be classified as *bona fide*, workers must meet two qualifying standards established administratively by the Secretary of Labor: an earnings threshold and a duties test. On March 31, 2003, DOL proposed the revision of both tests. The action quickly became contentious and legislative action was proposed that would prevent the Department from denying overtime pay to persons currently covered under FLSA overtime pay requirements. On July 10, 2003, the House defeated a restrictive amendment to **H.R. 2660** by Representative Obey by a vote of 210 to 213; the amendment would have prevented DOL from reclassifying workers who are currently eligible to receive overtime compensation. On September 10, 2003, the Senate approved a comparable amendment proposed by Senator Harkin by a vote of 54 to 45. On October 2, 2003, the House instructed its conferees to support the Senate provision. The White House threatened to veto an L-HHS-ED bill that includes such a prohibition. Subsequently, the FY2004 conference agreement, as enacted, removed all proposed restrictions on the reclassification of overtime status by DOL. For further discussion of this issue, see CRS Report RL32088, *The Fair Labor Standards Act: A Historical Sketch of the Overtime Pay Requirements of Section 13(a)(1)*, and CRS Report RL31995, *The Fair Labor Standards Act: Exemption of "Executive, Administrative and Professional" Employees Under Section 13(a)(1)*. For a Statement of Administration Policy responding to the proposed prohibition, see <http://www.whitehouse.gov/omb/legislative/sap/108-1/s1356sap-s.pdf>.

## CRS Products

CRS Report 97-724, *Ergonomics in the Workplace: Is It Time for an OSHA Standard?*, by Edward Rappaport.

CRS Report 97-536, *Job Training Under the Workforce Investment Act: An Overview*, by Ann Lordeman.

CRS Report RL31277, *Temporary Programs to Extend Unemployment Compensation*, by Jennifer E. Lake.

CRS Report 95-742, *Unemployment Benefits: Legislative Issues in the 108<sup>th</sup> Congress*, by Celinda Franco.

CRS Report RS21397, *Unemployment Benefits: Temporary Extended Unemployment Compensation (TEUC) Program*, by Celinda Franco.

CRS Report RS21484, *Workforce Investment Act of 1998 (WIA): Reauthorization of Title I Job Training Programs*, by Ann Lordeman.

CRS Report RS20244, *The Workforce Investment Act: Training Programs Under Title I at a Glance*, by Ann Lordeman.

## World Wide Web Sites

### Department of Labor

<http://www.dol.gov>

[http://www.dol.gov/\\_sec/budget2004/overview-toc.htm](http://www.dol.gov/_sec/budget2004/overview-toc.htm)

[http://www.dol.gov/\\_sec/budget2004/tables.htm#authority](http://www.dol.gov/_sec/budget2004/tables.htm#authority)

## Detailed Appropriations Table

Table 6 shows the appropriations details for offices and major programs of DOL.

**Table 6. Detailed Department of Labor Appropriations**

(\$ in millions)

Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
<i>Employment and Training Administration (ETA)</i>					
Training and Employment Services (TES), Workforce Investment Act (WIA) Adult Training Grants to States	899	900	900	900	900
WIA Youth Training	995	1,001	1,045	1,001	1,001
WIA Dislocated Worker Assistance	1,461	1,383	1,461	1,457	1,457
—Dislocated Worker Assistance, State Grants (non-add)	1,155	1,106	1,155	1,180	1,180
—Dislocated Worker Assistance, Secretary's Reserve (non-add)	306	277	306	277	277
WIA Migrant and Seasonal Farmworkers	77	0	60	77	77
WIA Job Corps	1,513	1,566	1,541	1,541	1,546
WIA Youth Opportunity Grants (YOG)	44	0	0	0	0
WIA Other Federal Activities	212	102	114	165	180
WIA/TES subtotal	5,200	4,952	5,077	5,141	5,161
Community Service Employment for Older Americans	442	440	440	442	441
Federal Unemployment Benefits and Allowances (mandatory)	972	1,338	1,338	1,338	1,338
State Unemployment Insurance and Employment Service Operations (SUI/ESO) Unemployment Compensation	2,634	2,651	2,634	2,645	2,634
SUI/ESO Employment Service	842	875	862	856	856
SUI/ESO One-Stop Career Centers	99	101	99	99	99
SUI/ESO Work Incentives Grants	20	20	20	20	20
SUI/ESO subtotal	3,595	3,647	3,615	3,620	3,609

Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Advances to Unemployment Trust Fund and other funds (mandatory)	463	467	467	467	467
ETA Program Administration	175	183	172	179	174
ETA subtotal	10,847	11,027	11,109	11,187	11,190
Employee Benefits Security Administration	116	129	129	121	125
Pension Benefit Guaranty Corporation (PBGC) Administration	13	17	17	17	17
<i>PBGC program level (non-add)</i>	<i>193</i>	<i>229</i>	<i>229</i>	<i>229</i>	<i>229</i>
<b>Employment Standards Administration (ESA)</b>					
ESA Salaries and Expenses		381	398	398	392
ESA Special Benefits (mandatory)		163	163	163	163
ESA Special Benefits for Disabled Coal Miners (mandatory)		397	388	388	388
ESA Energy Employees Occupational Illness Fund (mandatory)		105	55	55	55
ESA Black Lung Disability Trust Fund (mandatory)		1,035	1,043	1,043	1,043
ESA subtotal		2,081	2,047	2,047	2,041
Occupational Safety and Health Administration (OSHA)		450	450	450	463
Mine Safety and Health Administration (MSHA)		273	267	267	271
Bureau of Labor Statistics		492	512	512	520
Office of Disability Employment Policy		47	47	47	47
Departmental Management, International Labor Affairs		147	12	12	108
Departmental Management, Veterans Employment and Training		213	220	220	220
Departmental Management, Other		302	328	308	308
<i>Welfare-to-Work Rescission (non-add)</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>-211</i>
Departmental Management subtotal		663	560	540	636
Working Capital Fund		0	20	18	10
<b>TOTALS, DEPARTMENT OF LABOR</b>					
Total appropriations <sup>b</sup>		14,983	15,076	15,136	15,314
Current year: FY2004		12,423	12,525	12,586	12,763
Advance year: FY2005		2,569	2,551	2,551	2,551

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; conference amounts do not reflect the cuts required for most discretionary programs (see page ).

a. FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.

b. Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

## Department of Health and Human Services

The FY2004 budget proposal for discretionary appropriations at the Department of Health and Human Services (HHS) is \$60.9 billion, \$0.8 billion (1.3%) more than the FY2003 appropriations of \$60.1 billion, as shown in **Table 7**. As passed, the House bill would provide \$61.2 billion; the Senate bill as passed would provide \$61.3 billion; and the conference agreement, as enacted, provides \$62.1 billion, prior to the offsets required elsewhere in the conference agreement (see page ).

**Table 7. Department of Health and Human Services Discretionary Appropriations**  
(\$ in billions)

Funding	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Appropriations	\$60.1	\$60.9	\$61.2	\$61.3	\$62.1

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; FY2004 conference amounts do not reflect the discretionary cuts required elsewhere in the conference bill. Amounts represent discretionary programs funded by L-HHS-ED appropriations; appropriations for mandatory programs are excluded.

a. FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.

Mandatory HHS programs included in the L-HHS-ED bill were funded at \$258.5 billion in FY2003, and consist primarily of Grants to States for Medicaid (\$164.0 billion), Payments to Medicare Trust Funds (\$81.5 billion, virtually all for Part B Supplementary Medical Insurance), Foster Care and Adoption (\$6.6 billion), Family Support Payments to States (\$4.0 billion), and Social Services Block Grant (\$1.7 billion).

## Key Issues

### President's Request

The President's FY2004 budget request for HHS would focus increased support primarily for medical research, with smaller increases for selected substance abuse and family services programs. At the same time, it would reduce funding for programs for health professions, health care facilities, and community services. Discretionary spending changes of at least \$100 million are requested for the following programs.

- An increase of \$681 million is requested for the National Institutes of Health (NIH), which was funded at \$27.0 billion in FY2003, to support activities that maintain and improve health through medical science. The FY2004 request follows a five-year effort by the Congress to double the size of NIH funding, beginning at \$13.6 billion in FY1998. For additional information, see CRS Issue Brief IB10117, *Federal Research and Development Funding: FY2004*.
- An additional \$122 million is proposed for Community Health Centers, which was funded at \$1.5 billion in FY2003; however, the \$104 million Community Access Program, which provides the uninsured with safety-net access to health care, would be eliminated.
- A decrease of \$312 million is requested for Health Professions programs, funded at \$421 million in FY2003.



- The Health Care and Other Facilities program, funded at \$295 million in FY2003, would be eliminated; funds for this program are earmarked for construction and renovation projects for designated recipients.
- An increase of \$255 million is requested for the Substance Abuse and Mental Health Services Administration (SAMHSA); \$3.1 billion was provided for FY2003 for a variety of substance abuse and mental health activities.
- An increase of \$169 million is requested for the Centers for Medicare and Medicaid Services (CMS) Program Management for the administration of the Medicare and Medicaid programs; \$2.6 billion was the FY2003 amount.
- A increase of \$311 million is proposed for the Low-Income Home Energy Assistance Program (LIHEAP); \$1.7 billion was provided for FY2003.
- An additional \$148 million is requested for Head Start, funded at \$6.7 billion in FY2003.
- A decrease of \$151 million is requested for the Community Services Block Grant, which was funded at \$646 million in FY2003.
- An additional \$101 million is requested for the discretionary portion of the Promoting Safe and Stable Families program; \$99 million in discretionary funds was provided for FY2003.

## **House Bill**

For HHS programs, the FY2004 House bill, as passed, differs in several respects from the President's budget request.

- Health Professions would be provided \$282 million more than requested, but \$30 million less than the FY2003 amount of \$421 million.
- The Children's Hospital Graduate Medical Education program would receive \$106 million more than requested and \$15 million more than the FY2003 amount of \$290 million.
- The Community Access program would be maintained at \$104 million; the request was for termination of funding.
- The CDC would receive \$322 million more than the requested amount and \$304 million more than the FY2003 amount of \$4.3 billion.
- LIHEAP would receive \$200 million less than the request but \$111 million more than the FY2003 amount of \$1.7 billion.
- Discretionary funding for Promoting Safe and Stable Families would receive \$100 million less than requested but nearly the same as the FY2003 amount of \$99 million.
- The Public Health and Social Services Emergency Fund (PHSSEF) would receive \$119 million less than requested and \$110 million less than the FY2003 amount of \$1.9 billion.

## **Senate Bill**

For HHS programs, the FY2004 Senate bill, as passed, differs in several respects from the House bill.

- The \$290 million Children's Hospital Graduate Medical Education program would not receive a specific amount; instead, it would be funded as part of the Health Professions program, which would receive \$83 million more from the Senate than under the House bill.
- Funding for the \$104 million Community Access Program would be eliminated under the Senate bill, the same as the President's request; level funding would be provided by the House bill.
- The NIH would receive \$319 million more than the House or the request, and \$1.0 billion more than the FY2003 amount of \$27.0 billion.
- SAMHSA would receive \$171 million less than the House and \$235 million less than requested; the Senate bill would provide an increase of \$20 million over the FY2003 amount of \$3.1 billion.
- LIHEAP would receive \$200 million more than the House and the same as the amount requested; the Senate bill would provide \$311 million more than the FY2003 amount of \$1.7 billion.
- The Community Services Block Grant would receive \$151 million more than the House or the request; the Senate bill would maintain funding at the FY2003 level of \$646 million.

## **Public Law**

Under the FY2004 conference agreement, as enacted, a change in funding from FY2003 to FY2004 of at least \$100 million would occur for several HHS programs.

- Community Health Centers would be funded at \$1.6 billion, \$122 million more than in FY2003, and the same as requested.
- The CDC would be provided \$4.5 billion, \$260 million more than the previous year, and \$278 million more than requested.
- The NIH would be funded at \$28.0 billion, \$1.0 billion above the FY2003 amount, and \$319 million more than requested.
- SAMHSA would receive \$3.3 billion, \$116 million more than in FY2003, but \$139 million less than requested.
- CMS Program Management would be funded at \$2.7 billion, \$100 million more than in FY2003, but \$69 million less than requested.
- LIHEAP would be provided \$1.9 billion, an increase of \$211 million, but \$100 million below the request.
- Head Start would be funded at \$6.8 billion, \$148 million more than in FY2003, but the same as the requested amount.
- The PHSSEF would receive \$1.8 billion, \$110 million less than the previous year and \$119 million less than requested.

## **Abortion: Funding Restrictions**

Annual L-HHS-ED appropriations regularly contain restrictions that limit—for one year at a time—the circumstances under which federal funds can be used to pay for abortions. The Congress has not actually amended these restrictions since FY1999, but given the perennial volatility of this issue, these provisions may be revisited at any time during consideration of L-

HHS-ED appropriations. From FY1977 to FY1993, abortions could be funded only when the life of the mother was endangered. Restrictions on appropriated funds, popularly referred to as the Hyde Amendments, generally apply to all L-HHS-ED funds. Medicaid is the largest program affected. The 103<sup>rd</sup> Congress modified the provisions to permit federal funding of abortions in cases of rape or incest. The FY1998 L-HHS-ED appropriations, P.L. 105-78, extended the Hyde provisions to prohibit the use of federal funds to buy managed care packages that include abortion coverage, except in the cases of rape, incest, or life endangerment. For FY1999, the FY1998 Hyde Amendments were continued, along with a clarification to ensure that the restrictions apply to all trust fund programs (namely, Medicare) funded by the FY1999 L-HHS-ED appropriations, P.L. 105-277, as well as an assurance that Medicare + Choice plans cannot require the provision of abortion services. Annual appropriations acts since FY1999 have repeated without change the FY1999 funding restrictions; no change is made under the FY2004 conference agreement. Current provisions can be found in §508 and §509 of the FY2004 L-HHS-ED appropriations, P.L. 108-199. For additional information, see CRS Issue Brief IB95095, *Abortion: Legislative Response*.

### **Embryonic Stem Cell Research: Funding Restrictions**

On August 9, 2001, President Bush announced a decision to use federal funds for research on human embryonic stem cells for the first time, but limited the funding to “existing stem cell lines.” Although NIH developed a registry which listed 78 cell lines eligible for use in federally funded research, subsequently many of the lines were found to be unavailable or unsuitable for research. The NIH registry currently lists only 11 cell lines available for general research purposes. Embryonic stem cells have the ability to develop into virtually any cell in the body, and may have the potential to treat medical conditions such as diabetes and Parkinson’s disease. The use of stem cells, however, frequently raises difficult ethical and social issues regarding embryo and fetal tissue research. An FY1996 appropriations continuing resolution, P.L. 104-99 (§128), prohibited NIH funds from being used for the creation of human embryos for research purposes or for research in which human embryos are destroyed. Since FY1997, annual appropriations acts extended the prohibition to all L-HHS-ED funds, but the NIH is the agency primarily affected. The restriction, originally introduced by Representative Jay Dickey, has not changed significantly since it was first enacted. However, given the potential volatility of this issue, it may also be revisited at any time during consideration of the L-HHS-ED appropriations. However, no change is made in FY2004; the current provision can be found in §510 of the FY2004 L-HHS-ED appropriations, P.L. 108-199. For additional information, see CRS Report RL31015, *Stem Cell Research* and CRS Report RL31358, *Human Cloning*.

### **CRS Products**

CRS Issue Brief IB95095, *Abortion: Legislative Response*, by Karen J. Lewis, et. al.

CRS Report 98-476, *AIDS: Ryan White CARE Act*, by Judith A. Johnson and Paulette C. Morgan.

CRS Report RS20712, *Charitable Choice, Faith-Based Initiatives, and TANF*, by Vee Burke.

CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Alice Butler and Melinda Gish.

CRS Report RL31817, *Child Care Issues in the 108<sup>th</sup> Congress*, by Melinda Gish.

CRS Report RL31746, *Child Welfare Issues in the 108<sup>th</sup> Congress*, by Emilie Stoltzfus.

CRS Report RS20124, *Community Services Block Grants: Background and Funding*, by Karen Spar and Garrine P. Laney.

CRS Report RS21160, *The Developmental Disabilities Act: Programs and Funding*, by Sidath V. Panangala.

CRS Issue Brief IB10117, *Federal Research and Development Funding: FY2004*, by Michael E. Davey.

CRS Report RL30952, *Head Start Issues in the 108<sup>th</sup> Congress*, by Melinda Gish.

CRS Report RS21181, *HIV/AIDS International Programs: Appropriations, FY2002-FY2004*, by Raymond W. Copson.

CRS Report RL31358, *Human Cloning*, by Judith A. Johnson.

CRS Report RL31865, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding Issues*, by Emilie Stoltzfus.

CRS Report 97-350, *Maternal and Child Health Block Grant*, by Sharon Kearney Coleman.

CRS Report RL31058, *Medicare Structural Reform: Background and Options*, by Jennifer O'Sullivan, et. al.

CRS Report RS20873, *Reducing Teen Pregnancy: Adolescent Family Life and Abstinence Education Programs*, by Carmen Solomon-Fears.

CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*, by Melinda Gish.

CRS Report RL31015, *Stem Cell Research*, by Judith A. Johnson.

CRS Report 97-1048, *The Title X Family Planning Program*, by Sharon Kearney Coleman.

CRS Report RL31793, *Vaccine Policy Issues for the 108<sup>th</sup> Congress*, by Susan Thaul.

CRS Report RL30871, *Violence Against Women Act: History, Federal Funding, and Reauthorizing Legislation*, by Garrine P. Laney and Alison Siskin.

CRS Issue Brief IB93034, *Welfare Reform: An Issue Overview*, by Vee Burke.

## **World Wide Web Sites**

### **Department of Health and Human Services**

<http://www.hhs.gov>

<http://www.hhs.gov/budget/>

<http://www.hhs.gov/budget/document.htm>

<http://www.hhs.gov/budget/docbudget.htm>

## **Detailed Appropriations Table**

**Table 8** shows the appropriations details for offices and major programs of HHS.

**Table 8. Detailed Department of Health and Human Services Appropriations**

(\$ in millions)

Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
<i>Public Health Service (PHS)</i>					
Health Resources and Services Administration (HRSA), Community Health Centers	1,505	1,627	1,627	1,627	1,627
National Health Service Corps	171	213	171	171	171
Health Professions, Nursing	113	98	113	50	143
Health Professions, Other	308	11	278	424	296
Maternal and Child Health Block Grant	731	751	733	732	734
Abstinence Education	55	73	65	73	70
Ryan White AIDS Programs	1,993	2,010	2,024	2,017	2,032
Family Planning (Title X)	273	265	273	283	280
Children's Hospital Graduate Medical Education	290	199	305	— <sup>b</sup>	305
Health Care and Other Facilities	295	0	0	0	368
Community Access Program	104	0	104	0	104
Vaccine Injury Compensation (mandatory)	86	66	66	66	66
HRSA, other	600	425	566	569	575
HRSA subtotal	6,523	5,738	6,325	6,012	6,771
Centers for Disease Control and Prevention (CDC) <sup>c</sup>	4,285	4,267	4,589	4,494	4,545
National Institutes of Health (NIH) <sup>d</sup>	26,983	27,664	27,664	27,983	27,983
Substance Abuse and Mental Health Services Administration (SAMHSA) Mental Health Block Grant	437	433	435	415	415
SAMHSA Substance Abuse Block Grant	1,692	1,785	1,775	1,725	1,710
SAMHSA, other	1,009	1,175	1,119	1,109	1,129
SAMHSA subtotal	3,138	3,393	3,329	3,158	3,254
Agency for Healthcare Research and Quality (AHRQ)	0	0	0	0	0
AHRQ program level (non-add)	304	279	304	304	304
PHS subtotal	40,929	41,062	41,907	41,647	42,553
<i>Centers for Medicare and Medicaid Services (CMS)</i>					
Medicaid Grants to States (mandatory)	163,952	183,308	189,308	183,308	189,308
Payments to Medicare Trust Funds (mandatory)	81,463	95,084	95,084	95,084	95,084

Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
CMS Program Management	2,565	2,734	2,698	2,708	2,665
CMS subtotal	247,980	281,126	287,090	281,100	287,057
<b>Administration for Children and Families (ACF)</b>					
Family Support Payments to States (mandatory)		4,037	4,625	4,625	4,672
Low Income Home Energy Assistance Program (LIHEAP)		1,689	2,000	1,800	2,000
Refugee and Entrant Assistance		478	462	462	428
Child Care and Development Block Grant (CCDBG)		2,086	2,100	2,100	2,100
Social Services Block Grant (Title XX) (mandatory)		1,700	1,700	1,700	1,700
Head Start		6,668	6,816	6,816	6,816
Child Welfare Services		290	292	292	290
Developmental Disabilities		160	140	161	166
Community Services Block Grant		646	495	495	646
Battered Women's Shelters		126	124	126	126
Other Children and Family Services Programs		755	820	725	738
Promoting Safe and Stable Families (PSSF) (mandatory)		305	305	305	305
PSSF (discretionary)		99	200	100	99
Foster Care and Adoption Assistance (mandatory)		6,601	6,836	6,836	6,836
ACF subtotal		25,640	26,915	25,543	26,923
Administration on Aging (AOA)		1,367	1,344	1,377	1,361
Office of the Secretary, Public Health and Social Service Fund		1,887	1,896	1,777	1,856
Medical Benefits, Commissioned Officers (mandatory)		310	303	330	330
Office of the Secretary, Other		424	444	425	424
<b>TOTALS, DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Total appropriations <sup>e</sup>		318,536	353,090	359,449	353,641
Current year: FY2004		262,429	290,307	296,665	290,858
Advance year: FY2005		56,107	62,784	62,784	62,784

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; conference amounts do not reflect the cuts required for most discretionary programs (see page ).

- FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.
- Funding for the Children's Hospital Graduate Medical Education is included in Health Professions.
- The Veterans Affairs and Housing and Urban Development (VA-HUD) appropriations act provides additional funding for CDC—\$83 million in FY2003.
- The VA-HUD appropriations act provides additional funding for NIH—\$84 million in FY2003.

- e. Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

## Department of Education

The FY2004 budget proposal for discretionary appropriations at the Department of Education (ED) is \$53.2 billion, \$0.1 billion (0.2%) more than the FY2003 appropriations of \$53.1 billion, as shown in **Table 9**. As passed, the House bill would provide \$55.4 billion; the Senate bill as passed would provide \$55.8 billion; and the conference agreement, as enacted, provides \$56.0 billion, prior to the offsets required elsewhere in the conference agreement (see page ).

**Table 9. Department of Education Discretionary Appropriations**

(\$ in billions)

Funding	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Appropriations	\$53.1	\$53.2	\$55.4	\$55.8	\$56.0

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; FY2004 conference amounts do not reflect the discretionary cuts required elsewhere in the conference bill. Amounts represent discretionary programs funded by L-HHS-ED appropriations; appropriations for mandatory programs are excluded.

- a. FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.

A single mandatory ED program is included in the L-HHS-ED bill; the Vocational Rehabilitation State Grants program was funded at \$2.5 billion in FY2003.

## Key Issues

### President's Request

The amount of federal support for education has been a priority of both the Congress and the White House in recent years. Under the FY2004 budget request, funding for several programs would be increased, and the total request for ED discretionary funds would be increased by 0.2%, or \$0.1 billion. However, a decrease of \$1.1 billion in aggregate is requested for all programs authorized by the Elementary and Secondary Education Act of 1965 (ESEA). ESEA programs were funded at \$23.6 billion in FY2003; their reauthorization was the primary activity of the No Child Left Behind Act of 2001 (NCLBA), **P.L. 107-110**.

Discretionary spending changes of at least \$100 million are requested by the President for the following programs.

- An increase of \$666 million is requested for the ESEA Title I Part A Grants to Local Educational Agencies (LEAs) program for FY2004; this program was funded at \$11.7 billion in FY2003.
- An additional \$655 million would be provided for Special Education Part B Grants to States program under Individuals with Disabilities Education Act (IDEA), funded at \$8.9 billion in FY2003.
- An additional \$1.4 billion is requested for the Pell Grant program, which was funded at \$11.4 billion in FY2003.



- The FY2004 request includes an increase of \$842 million to support a unified discretionary account for the administration of federal student aid programs, funded at \$105 million in FY2003. This amount would be offset in part by a savings of \$795 million through the consolidation of certain related expenses for student aid administrative activities currently counted elsewhere.

Along with the increases proposed above, the President's FY2004 budget would decrease or terminate funding for several programs.

- Impact Aid would be reduced by \$172 million; the FY2003 amount was \$1.2 billion.
- 21<sup>st</sup> Century Community Learning Centers would be decreased by \$394 million; \$994 million was provided in FY2003.
- Rural Education funding would be eliminated; the FY2003 amount was \$168 million.
- The Fund for the Improvement of Education (FIE) would be reduced by \$414 million; \$473 million was provided in FY2003.
- The Perkins Vocational Education program would be reduced by \$326 million; \$1.3 billion was provided in FY2003.
- Smaller Learning Communities would be eliminated; \$161 million was the FY2003 amount.
- The Fund for the Improvement of Postsecondary Education (FIPSE) would be decreased by \$132 million; the program was funded at \$171 million in FY2003.

## **House Bill**

For ED programs, the FY2004 House bill, as passed, differs in several respects from the President's budget request.

- All ESEA programs in aggregate would be funded at \$24.0 billion in FY2004 under the House bill, \$1.5 billion more than requested and \$438 million more than the FY2003 amount of \$23.6 billion.
- Impact Aid would be funded at \$1.2 billion, \$222 million more than requested and \$50 million more than the FY2003 amount.
- 21<sup>st</sup> Century Community Learning Centers would be funded at \$1.0 billion, \$400 million more than requested and slightly more than the FY2003 amount.
- Rural Education would be level funded at \$170 million, about the same as the FY2003 amount; no funds are requested for FY2004.
- The FIE would receive \$166 million, \$107 million more than requested but \$307 million less than the FY2003 amount.
- IDEA Part B Grants to States would receive \$9.9 billion, \$345 million more than requested and \$1.0 billion more than the FY2003 amount.
- Perkins Vocational Education would be funded at \$1.3 billion, \$319 million more than requested but about the same as in FY2003.
- Smaller Learning Communities would be funded at \$175 million; no funding is requested; the FY2003 amount was \$161 million.

- Pell Grants would receive \$12.3 billion, \$465 million less than the request but \$885 million more than the FY2003 amount of \$11.4 billion.
- The House bill would reject the President's request to consolidate student loan administrative activities.

## **Senate Bill**

For ED programs, the FY2004 Senate bill, as passed, differs in a number of respects with the House bill.

- The Senate bill would provide \$23.5 billion for all ESEA programs, \$572 million less than the House amount, but \$972 million more than requested; the FY2003 amount was \$23.6 billion.
- IDEA Part B Grants to States would be funded at \$11.1 billion, \$1.2 billion more than the House and \$1.5 billion more than requested; \$8.9 billion was provided for FY2003.
- Departmental Management at ED would receive \$465 million, \$109 million less than the House amount or the request, and \$71 million less than the FY2003 amount of \$536 million.

## **Public Law**

Under the FY2004 conference agreement, as enacted, a change in funding from FY2003 to FY2004 of at least \$100 million would occur for several ED programs.

- The aggregate funding level for all ESEA programs would be \$24.4 billion, \$827 million more than the FY2003 amount, and \$1.9 billion more than requested.
- Within the ESEA total, Title I Part A Grants to LEAs would be funded at \$12.4 billion, \$728 million more than in FY2003, and \$62 million more than requested.
- Funding for IDEA Part B Grants to States would be \$10.1 billion, \$1.3 billion more than in FY2003, and \$600 million more than requested.
- Pell Grants would be funded at \$12.1 billion, \$713 million more than in FY2003, but \$637 million less than requested. The maximum Pell award would remain at \$4,050, the same as in FY2003, but \$50 more than requested.

## **Pell Grants**

The funding level for Pell Grants has been a continuing issue. The program provides assistance to undergraduate students based on financial need. Aggregate program costs depend largely on the maximum award and the number of student recipients. The maximum award is currently set when appropriations are enacted, usually well before the start of the program year. The number of student awards, however, cannot be determined until the final award is claimed; this final accounting takes place after most decisions have been made on the following year's appropriations. Funding shortfalls for Pell Grants are not new; the Senate Committee on Appropriations has stated that shortfalls have occurred in 6 of the past 12 years (S.Rept. 107-156, p. 75, May 29, 2002). Appropriations for Pell Grants make funds available for 2 full fiscal years to provide administrative flexibility regarding potential shortfalls and surpluses. Under this provision, a shortfall in one fiscal year can be reimbursed with funds obtained from the following fiscal year; similarly, a surplus can be carried forward and used in the following year. As of January 28, 2004, ED estimated the FY2003 shortfall would be \$2.5 billion, which would

increase to \$3.2 billion in FY2004 under the provisions and funding levels of the FY2004 conference agreement. For additional information, see CRS Report RL31668, *Federal Pell Grant Program of the Higher Education Act: Background and Reauthorization*.

### **Student Aid Program Administration**

As it did in FY2003, the President's FY2004 budget proposes the consolidation of the administration of federal student aid programs into a new unified discretionary account. If enacted, this account would combine the following: (1) administrative funds for the Direct Loan (DL) program that support loan origination, servicing, and collection; (2) account maintenance fees for the Federal Family Education Loan (FFEL) program guaranty agencies; (3) other funds that partially support administrative activities for the FFEL program; and (4) other ED personnel and operational funds related to student aid program administration. These funds are currently provided through a disparate set of mandatory, discretionary, and subsidy accounts. The proposal would switch the DL program administrative funds, which are currently mandatory appropriations, to discretionary appropriations. Similarly, account maintenance fees which partially support FFEL program guaranty agencies would cease to be mandatory appropriations and would become discretionary appropriations. Much of the financing of FFEL program administrative costs, however, would continue to be done through mandatory subsidy payments to lenders. The Higher Education Act (HEA) provisions that provide the underlying statutory authority for these funds would have to be changed to accommodate this proposal. The Congress did not act on the FY2003 proposal, and the FY2004 conference agreement does not go along with the FY2004 proposal either. For additional information on the cost, financing, and design of the FFEL and DL programs, see CRS Report RL30048, *Federal Student Loans: Program Data and Default Statistics*, and CRS Report RL30656, *The Administration of Federal Student Loan Programs: Background and Provisions*.

### **IDEA Part B Grants to States**

The IDEA is the major federal program providing assistance to states and school districts to help them fulfill their to provide a free appropriate public education to children with disabilities. In 1975, the Congress authorized state payments up to a maximum amount of 40% of the national average per-pupil expenditure (APPE) times the number of children with disabilities ages 3 and above that each state serves. The rationale for this formula was the assumption that the education of children with disabilities cost twice the national APPE—100% more than the “average” child—and the maximum federal share of the extra cost would be 40%. Appropriations have never been sufficient to reach the 40% level. Some view this deficiency as a promise made that has not yet been kept. Achieving the 40% funding level for FY2003 for Part B grants would take an estimated \$20.2 billion, whereas the FY2003 appropriation was \$8.9 billion, the equivalent of 17.5% of the current APPE times the number of children served. An additional appropriation of \$11.3 billion would have been necessary to provide the 40% authorized maximum for FY2003. In addition, funding requirements for maximum grants could grow in the future with the possibility of continued growth for both the APPE and the number of children with disabilities served. The latter may increase in part as a result of medical advances that have enabled more medically fragile children to survive to school age and to receive a public education. For additional information, see CRS Report RS21447, *Individuals with Disabilities Education Act (IDEA): Current Funding Trends*.

## Forward Funding and Advance Appropriations

Many of the larger ED programs have either authorization or appropriations provisions that allow funding flexibility for school program years that differ from the federal fiscal year. For example, many of the elementary and secondary education formula grant programs receive appropriations that become available for obligation to the states on July 1 of the same year as the appropriations, and remain available through the end of the following fiscal year. That is, FY2004 appropriations for some programs will become available for obligation to the states on July 1, 2004, and will remain available for a 15-month period until September 30, 2005. This budgetary procedure is popularly known as “forward” or “multi-year” funding, and is accomplished through funding provisions in the L-HHS-ED appropriations bill.

**Forward funding** in the case of elementary and secondary education programs was designed to allow additional time for school officials to develop budgets in advance of the beginning of the school year. For Pell Grants for undergraduates, however, aggregate program costs for individual students applying for postsecondary educational assistance cannot be known with certainty ahead of time. Appropriations from one fiscal year primarily support Pell Grants during the following academic year, that is, the FY2004 appropriations will be used primarily to support the 2004-2005 academic year. Unlike forward funded programs, however, the funds for Pell Grants remain available for obligation for 2 full fiscal years. Thus, if cost estimates turn out to be too low, funds may be borrowed from the following year’s appropriations, or conversely, if the estimates are too high, the surplus may be obligated during the following year.

An **advance appropriation** occurs when the appropriation is provided for a fiscal year beyond the fiscal year for which the appropriation was enacted. In the case of FY2004 appropriations, funds normally would have become available October 1, 2003, under regular funding provisions, but will not become available until July 1, 2004, under the forward funding provisions discussed above. However, if the July 1, 2004 forward funding date were to be postponed for obligation by three months—until October 1, 2004—the appropriation would be classified as an advance appropriation since the funds would become available only in a subsequent fiscal year, FY2005. For example, the FY2004 appropriation for Title I Part A Grants to LEAs for the Education of the Disadvantaged is \$12.3 billion. This amount includes not only forward funding of \$5.1 billion (available July 1, 2004), but also an advance appropriation of \$7.2 billion (available October 1, 2004). Like forward funding, advance appropriations are accomplished through provisions in the annual appropriations bill.

What is the impact of these changes in funding provisions? At the program or service level, relatively little is changed by the three-month delay in the availability of funds, since most expenditures for a standard school year occur after October 1. At the appropriations level, however, a significant technical difference occurs because forward funding is counted as part of the current fiscal year, and is therefore fully included in the current 302(b) allocation for discretionary appropriations. Under federal budget scorekeeping rules, an advance appropriation is not counted in the 302(b) allocation until the following year. In essence, a three-month change from forward funding to an advance appropriation for a given program allows a one-time shift from the current year to the next year in the scoring of discretionary appropriations. For additional information on budget enforcement procedures, see CRS Report 98-720, *Manual on the Federal Budget Process*.

## CRS Products

CRS Report RL30656, *The Administration of Federal Student Loan Programs: Background and Provisions*, by Adam Stoll.

- CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*, by David Smole.
- CRS Report RL31747, *The Carl D. Perkins Vocational and Technical Education Act of 1998: Background and Implementation*, by Rebecca R. Skinner and Richard N. Apling.
- CRS Report RL31123, *Early Childhood Education: Federal Policy Issues*, by Gail McCallion.
- CRS Report RL31487, *Education for the Disadvantaged: Overview of ESEA Title I-A Amendments Under the No Child Left Behind Act*, by Wayne Riddle.
- CRS Report RL31315, *Education of Limited English Proficient and Recent Immigrant Students: Provisions of the No Child Left Behind Act of 2001*, by Jeffrey J. Kuenzi.
- CRS Report RL30448, *Even Start Family Literacy Programs: Background and Reauthorization Issues*, by Gail McCallion and Wayne Riddle.
- CRS Report RL31668, *Federal Pell Grant Program of the Higher Education Act: Background and Reauthorization*, by James B. Stedman.
- CRS Report RL30048, *Federal Student Loans: Program Data and Default Statistics*, by Adam Stoll.
- CRS Report RL31128, *Funding for Public Charter School Facilities: Federal Policy Under ESEA*, by David P. Smole.
- CRS Issue Brief IB10097, *The Higher Education Act: Reauthorization Status and Issues*, by James B. Stedman.
- CRS Report RL31885, *Impact Aid for Public K-12 Education: General Overview and Current Status*, by Rebecca R. Skinner.
- CRS Report RL32085, *Individuals with Disabilities Education Act (IDEA): Current Funding Trends*, by Richard N. Apling.
- CRS Report RL30810, *Individuals with Disabilities Education Act (IDEA): Issues Regarding "Full Funding" of Part B Grants to States*, by Richard N. Apling.
- CRS Report RS20366, *Individuals with Disabilities Education Act (IDEA): Overview of Major Provisions*, by Richard Apling and Nancy Lee Jones.
- CRS Report RL31284, *K-12 Education: Highlights of the No Child Left Behind Act of 2001 (P.L. 107-110)*, by Wayne Riddle.
- CRS Report RL30834, *K-12 Teacher Quality: Issues and Legislative Action*, by James B. Stedman.
- CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.
- CRS Report RL31647, *Reauthorization of Title III and Title V of the Higher Education Act: Issues for the 108<sup>th</sup> Congress*, by Charmaine Jackson.
- CRS Report RL31378, *Rehabilitation Act: Programs and Funding*, by Sidath V. Panangala.
- CRS Report RS20532, *The Safe and Drug-Free Schools and Communities Act: Reauthorization and Appropriations*, by Edith Fairman Cooper.
- CRS Issue Brief IB98035, *School Choice: Current Legislation*, by David P. Smole.
- CRS Report RL31622, *TRIO and GEAR UP Programs: Status and Issues*, by Jeffrey J. Kuenzi.

CRS Report RL31240, *21<sup>st</sup> Century Community Learning Centers in P.L. 107-110: Background and Funding*, by Gail McCallion.

## World Wide Web Sites

### Department of Education Home Page

<http://www.ed.gov/index.jhtml>

<http://www.ed.gov/about/overview/budget/news.html>

<http://www.ed.gov/about/overview/budget/index.html>

<http://www.ed.gov/print/about/overview/budget/budget04/index.html>

<http://www.ed.gov/news/speeches/2003/02/02032003.html>

## Detailed Appropriations Table

**Table 10** shows the appropriations details for offices and major programs of ED.

**Table 10. Detailed Department of Education Appropriations**  
(\$ in millions)

Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
<i>Total Elementary and Secondary Education Act (non-add)</i>	23,608	22,508	24,052	23,480	24,435
Title I Part A Education for the Disadvantaged, Grants to LEAs	11,684	12,350	12,350	12,350	12,412
Even Start	248	175	250	175	248
Reading First State Grants	994	1,050	1,050	1,000	1,030
Education for the Disadvantaged, Other	812	609	857	582	839
Impact Aid	1,188	1,016	1,238	1,193	1,237
Teacher Quality State Grants	2,931	2,850	2,931	2,850	2,946
Innovative Education Block Grant	382	385	335	345	300
Educational Technology State Grants	696	701	696	696	696
21 <sup>st</sup> Century Community Learning Centers	994	600	1,000	1,000	1,005
State Assessments	384	390	390	390	392
Rural Education	168	0	170	168	169
School Improvement, Other	328	117	276	282	326
Indian Education	122	122	122	122	122
Charter School Grants	199	220	220	220	220
Fund for the Improvement of Education (FIE)	473	59	166	169	430



Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Innovation and Improvement, Other	427	528	422	393	457
Safe and Drug-Free Schools State Grants	469	422	469	422	445
Safe Schools and Citizenship, Other	416	334	356	397	418
English Language Acquisition and Enhancement (Bilingual and Immigrant Education)	686	665	686	669	685
IDEA Special Education, Part B, Grants to States	8,874	9,529	9,874	11,059	10,129
IDEA Special Education, other	1,160	1,161	1,176	1,168	1,178
Vocational Rehabilitation State Grants (mandatory)	2,533	2,584	2,584	2,584	2,584
Rehabilitation Services, other	420	419	415	420	429
Special Institutions for Persons With Disabilities	167	159	171	171	171
Perkins Vocational Education	1,333	1,007	1,326	1,333	1,343
Adult Education	587	591	600	587	594
Smaller Learning Communities	161	0	175	161	175
Community Technology Centers	32	0	0	20	10
<b>Federal Student Aid</b>					
<i>Pell Grants, maximum award (in dollars, non-add)</i>		4,050	4,000	4,050	4,050 4,050
Pell Grants		11,365	12,715	12,250	12,177 12,078
Supplemental Educational Opportunity Grants		760	725	760	760 775
Federal Work-Study		1,004	1,011	1,004	1,004 1,004
Federal Perkins Loans, Capital Contributions		99	0	99	99 99
Federal Perkins Loans, Loan Cancellations		67	68	67	67 67
Leveraging Educational Assistance Partnership (LEAP)		67	0	67	67 67
Loan Forgiveness for Child Care		1	0	0	0 0
Federal Family Education Loans, Administration		105	947	120	105 118
Direct Loan Reclassification Proposal		0	-795	0	0 0
<i>Office of Postsecondary Education (OPE)</i>					
Aid for Institutional Development		472	470	484	489 488
Fund for the Improvement of Postsecondary Education (FIPSE)		171	39	34	32 155
Federal TRIO Programs		827	803	835	840 838
GEAR UP		293	285	300	300 300
Higher Education, other		323	301	321	309 314



Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
National Security Education Trust		0	8	0	0
Howard University		238	237	243	238
<i>Institute of Education Sciences (IES)</i>					
Research and Statistics		390	376	443	475
Multi-year Grants		58	0	58	58
<i>Departmental Management</i>					
Departmental Management		536	574	574	465
<b>TOTALS, DEPARTMENT OF EDUCATION</b>					
Total Appropriations <sup>a, b</sup>		55,646	55,808	57,964	58,414
Current year: FY2004		38,391	40,797	42,953	43,403
Advance year: FY2005		17,255	15,011	15,011	15,011

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-410, November 25, 2003; conference amounts do not reflect the cuts required for most discretionary programs (see page ).

a. FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.

b. Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

## Related Agencies

The FY2004 budget proposal for discretionary appropriations for L-HHS-ED Related Agencies is \$9.9 billion, \$0.3 billion (3.1%) more than the FY2003 appropriations of \$9.6 billion, as shown in **Table 11**. As passed, the House bill would provide \$10.0 billion; the Senate bill as passed would provide \$10.3 billion; and the conference agreement, as enacted, provides \$10.2 billion, prior to offsets required elsewhere in the conference agreement (see page ).

**Table 11. Related Agencies Discretionary Appropriations**  
(\$ in billions)

Funding	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Appropriations	\$9.6	\$9.9	\$10.0	\$10.3	\$10.2

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; FY2004 conference amounts do not reflect the discretionary cuts required elsewhere in the conference bill. Amounts represent discretionary programs funded by L-HHS-ED appropriations; appropriations for mandatory programs are excluded.

a. FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.

Mandatory programs for related agencies included in the L-HHS-ED bill were funded at \$32.2 billion in FY2003, virtually all of it for the Supplemental Security Income (SSI) program.

## **Key Issues**

### **President's Request**

The President's FY2004 budget for related agencies would change discretionary spending by at least \$100 million for several programs.

- The Corporation for Public Broadcasting (CPB) has been provided with a two-year advance appropriation in recent years, that is, the FY2004 L-HHS-ED bill would be expected to provide FY2006 funding for the CPB. Under the President's FY2004 request, zero funding would be provided for FY2006. However, \$390 million has already been enacted for FY2005 (as part of the FY2003 L-HHS-ED bill), and \$380 million has been provided for FY2004 (enacted in the FY2002 bill). The FY2003 amount was \$363 million, which was enacted in FY2001.
- The SSI discretionary appropriation would be increased by \$218 million; \$2.9 billion was provided for FY2003.
- An additional \$427 million is proposed for the SSA Limitation on Administrative Expenses, which was funded at \$4.9 billion in FY2003.

### **House Bill**

For the related agencies included in the L-HHS-ED bill, the House bill, as passed, differs from the President's budget request for several programs.

- The CPB would be given an advance appropriation of \$330 million for FY2006; the CPB would not receive FY2006 funding under the request.
- The SSA Limitation on Administrative Expenses would receive \$5.3 billion, \$107 million less than requested.

### **Senate Bill**

For related agencies, the FY2004 Senate bill, as passed, differs from the House bill by at least \$100 million for one program. The SSA Limitation on Administrative Expenses would be \$5.4 billion, the same as requested but \$107 million more than the House amount.

### **Public Law**

Under the FY2004 conference agreement, as enacted, a change in funding from FY2003 to FY2004 of at least \$100 million would occur for two programs under the L-HHS-ED related agencies.

- The SSI discretionary activities would be funded at \$3.1 billion, \$157 million more than the FY2003 amount, but \$61 million less than requested.
- The SSA Limitation on Administrative expenses would receive \$5.3 billion, \$320 million more than the previous year, but \$107 million less than requested.

## **CRS Products**

CRS Report RL31320, *Federal Aid to Libraries: The Library Services and Technology Act*, by Gail McCallion.

CRS Report 98-422, *Social Security and the Federal Budget: What Does Social Security's Being "Off Budget" Mean?*, by David Stuart Koitz.

CRS Report RL32004, *Social Security Benefits for Noncitizens: Current Policy and Legislation*, by Dawn Nuschler and Alison Siskin.

CRS Report 94-27, *Social Security: Brief Facts and Statistics*, by Geoffrey Kollmann.

CRS Issue Brief IB98048, *Social Security Reform*, by Geoffrey Kollmann and Dawn Nuschler.

CRS Report 94-486, *Supplemental Security Income (SSI): A Fact Sheet*, by Jennifer E. Lake.

CRS Report RS20419, *VISTA and the Senior Volunteer Service Corps: Description and Funding Levels*, by Ann Lordeman.

## **World Wide Web Sites**

**Note:** Not all of the L-HHS-ED related agencies have websites, and not all websites include FY2004 budget information.

### **Armed Forces Retirement Home**

<http://www.afrh.com>

### **Corporation for National and Community Service**

<http://www.cns.gov>

### **Corporation for Public Broadcasting**

<http://www.cpb.org>

<http://www.cpb.org/about/funding/appropriation.html>

### **Federal Mediation and Conciliation Service**

<http://www.fmcs.gov>

### **Institute of Museum and Library Services**

<http://www.imls.gov>

<http://www.imls.gov/whatsnew/03archive/020303.htm>

### **Medicare Payment Advisory Commission**

<http://www.medpac.gov/>

### **National Commission on Libraries and Information Science**

<http://www.nclis.gov/>

### **National Council on Disability**

<http://www.ncd.gov/>

### **National Labor Relations Board**

<http://www.nlr.gov>

### **Railroad Retirement Board**

<http://www.rrb.gov>

<http://www.rrb.gov/BFO/Justbudgettoc04.htm>

## Social Security Administration

<http://www.ssa.gov>

<http://www.ssa.gov/budget/2004bud.html>

## United States Institute of Peace

<http://www.usip.org>

## Detailed Appropriations Table

**Table 12** shows the appropriations details for offices and major programs of the L-HHS-ED related agencies.

**Table 12. Detailed Related Agencies Appropriations**

(\$ in millions)

Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
Armed Services Retirement Home	67	65	65	65	65
<i>Corporation for National and Community Service (CNCS) <sup>b</sup></i>					
Volunteers in Service to America (VISTA)	94	94	94	94	94
Special Volunteer Programs	10	20	5	10	10
National Senior Volunteer Corps	216	212	216	217	215
Program Administration	34	38	38	34	37
CNCS subtotal	354	364	353	355	356
Corporation for Public Broadcasting (CPB), 2-Year Advance for FY2006	390	0	330	400	400
<i>CPB current year for FY2004 (non-add)</i>	<i>363</i>	<i>380</i>	<i>380</i>	<i>380</i>	<i>380</i>
CPB Digitalization Program	48	0	0	55	50
CPB Interconnection	0	0	0	10	10
Federal Mediation and Conciliation Service	41	43	43	43	43
Federal Mine Safety and Health Review Committee	7	8	8	8	8
Institute of Museum and Library Services (IMLS) <sup>c</sup>	244	242	238	244	263
Medicare Payment Advisory Commission	9	9	9	9	9
National Commission on Libraries and Information Science	1	1	1	1	1
National Council on Disability	3	3	3	3	3

Office or major program	FY2003 final <sup>a</sup>	FY2004 request	FY2004 House	FY2004 Senate	FY2004 enacted
National Labor Relations Board	237	243	239	246	244
National Mediation Board	11	11	11	11	11
Occupational Safety and Health Review Commission	10	10	10	10	10
Railroad Retirement Board	228	226	219	224	219
<b>Social Security Administration (SSA)</b>					
SSA Payments to Social Security Trust Fund (mandatory)		20	22	22	22
SSA Supplemental Security Income (SSI) (mandatory)		32,170	35,838	35,838	35,846
SSA SSI, Discretionary		2,936	3,154	3,093	3,154
SSA Limitation on Administrative Expenses		4,949	5,376	5,269	5,376
SSA Office of Inspector General		82	90	88	82
SSA subtotal		40,157	44,480	44,310	44,480
United States Institute for Peace		16	17	17	17
<b>TOTALS, RELATED AGENCIES</b>					
Total appropriations <sup>d</sup>		41,825	45,722	45,857	46,183
Current year: FY2004		30,355	33,132	32,937	33,193
Advance year: FY2005		11,080	12,590	12,590	12,590
Advance year: FY2006		390	0	330	400

**Source:** Amounts are based on the FY2004 conference report H.Rept. 108-401, November 25, 2003; conference amounts do not reflect the cuts required for most discretionary programs (see page ).

- FY2003 amounts are post-reduction (see page ) and based on P.L. 108-7.
- L-HHS-ED funds are provided only for CNCS Domestic Volunteer Service Act programs. In addition, the Veterans Affairs-Housing and Urban Development (VA-HUD) appropriations act provides funds for CNCS AmeriCorps Grants and other programs under the National Community Service Act—\$387 million in FY2003.
- The IMLS amounts include both Library Services and Museum Services; both programs are funded through the L-HHS-ED bill beginning with FY2003.
- Appropriations totals include discretionary and mandatory funds, and may be subject to additional scorekeeping and other adjustments.

## Related Legislation

Several proposals related to L-HHS-ED appropriations were considered during the first session of the 108<sup>th</sup> Congress, including a series of FY2004 continuing resolutions; the FY2004 budget resolution; the FY2003 emergency wartime supplemental appropriations; and the Consolidated Appropriations Resolution, 2003, which provided regular FY2003 appropriations for L-HHS-ED programs and was enacted following a series of FY2003 continuing resolutions.

### FY2004 Continuing Resolution, P.L. 108-84 (H.J.Res. 69)

From October 1, 2003, through January 23, 2004, a series of five continuing resolutions provided FY2004 appropriations for most ongoing L-HHS-ED programs, including the costs of direct

loans and loan guarantees, on a temporary basis. These resolutions were necessary because the regular FY2004 L-HHS-ED appropriations had not enacted by the start of FY2004. Funding under the continuing resolution was provided at a rate of operations not to exceed the “current rate,” under FY2003 conditions and program authority. New initiatives were prohibited unless otherwise specifically authorized. For programs with high spend-out rates that normally would have occurred early in the fiscal year, special restrictions prohibited spending levels that would impinge on final funding decisions. For additional information, see CRS Report RL30343, *Continuing Appropriations Acts: Brief Overview of Recent Practices*.

- 1<sup>st</sup> Continuing Resolution, **P.L. 108-84** (H.J.Res. 69), provided temporary appropriations for the period October 1 through October 31, 2003, as long as regular appropriations were not enacted sooner. Section 106 of H.J.Res. 69 would amend the FY2003 L-HHS-ED appropriations enacted by P.L. 108-7 by reducing advance appropriations for FY2004 by \$2.2 billion, and increasing FY2003 appropriations by the same amount. H.J.Res. 69 was passed by the House and Senate September 25, 2003, and signed into law by the President on September 30, 2003, as P.L. 108-84.
- 2<sup>nd</sup> Continuing Resolution, **P.L. 108-104** (H.J.Res. 75), extended the provisions of P.L. 108-84 through November 7, 2003.
- 3<sup>rd</sup> Continuing Resolution, **P.L. 108-107** (H.J.Res. 76), extended the provisions of P.L. 108-84 through November 21, 2003.
- 4<sup>th</sup> Continuing Resolution, **P.L. 108-135** (H.J.Res. 79), extended the provisions of P.L. 108-84 through January 23, 2004. (The extension was until the enactment of regular appropriations, or January 31, 2004, whichever occurs first.)
- 5<sup>th</sup> Continuing Resolution, **P.L. 108-185** (H.J.Res. 84), amended budget authority in P.L. 108-84 regarding several non-L-HHS-ED programs, but did not change the duration of the continuing resolution as amended by P.L. 108-135.

## **FY2004 Budget Resolution, H.Con.Res. 95/S.Con.Res. 23**

The concurrent resolution on the budget sets forth the congressional budget for FY2004. The resolution proposes federal budget levels for FY2004 through FY2013; the maximum for total discretionary spending is specified within the context of the budget resolution. As agreed to in conference, the resolution sets an FY2004 limit of \$784.5 billion in discretionary spending, compared to \$840.6 billion enacted for FY2003, according to the conference report (H.Rept. 108-71, p. 42). Typically, budget resolutions also specify the budget reconciliation process for the modification of mandatory spending limits and tax cut legislation, and set spending targets for functional categories of the budget. Report language usually provides an outline of the funding assumptions made for selected programs that might be used to reach the spending targets. Actual FY2004 discretionary appropriations for specific departments, agencies, and programs, however, are determined only through the enactment of appropriations bills.

H.Con.Res. 95 (H.Rept. 108-37) was passed by the House on March 21, 2003 (Roll Call no. 82, 215-212). S.Con.Res. 23 (without written report) was passed by the Senate on March 26, 2003 (Roll Call no. 108, 56-44), before being substituted as an amendment to H.Con.Res. 95. The conference report for H.Con.Res. 95, H.Rept. 108-71, was agreed to on April 11, 2003, by the House (Roll Call no. 141, 216-211) and by the Senate (Roll Call no. 34, 51-50). For additional information, see CRS Report RL31784, *The Budget for Fiscal Year 2004*.

## **FY2003 Wartime Supplemental, P.L. 108-11 (H.R. 1559)**

Following the enactment into law on February 20, 2003, of final FY2003 omnibus appropriations, the Congress agreed to additional FY2003 appropriations to meet various special wartime needs. From the total of \$79 billion enacted, \$158 million was designated for L-HHS-ED programs, including \$16 million for the CDC for the prevention and control of Severe Acute Respiratory Syndrome (SARS), \$100 million for the CDC for general activities, and \$42 million for compensation for injuries resulting from smallpox vaccinations, contingent on the enactment of legislation authorizing such activities. In addition, the law clarifies the language specifying certain FY2003 award recipients that were designated under P.L. 108-7.

The House passed H.R. 1559 (H.Rept. 108-55) on April 3, 2003 (Roll Call no. 108, 414-12). The Senate amended and passed H.R. 1559 in lieu of S. 762 (S.Rept. 108-33, agreed to by the Senate April 3 by Roll Call no. 125, 93-0). The conference report, H.Rept. 108-76, was agreed to by the House and the Senate on April 12, and signed into law by the President on April 16, 2003, as P.L. 108-11, the Emergency Wartime Supplemental Appropriations Act, 2003. For additional information, see CRS Report RL31829, *Supplemental Appropriations FY2003: Iraq Conflict, Afghanistan, Global War on Terrorism, and Homeland Security*.

## **FY2003 Omnibus Appropriations, P.L. 108-7 (H.J.Res. 2)**

Regular FY2003 funding for L-HHS-ED activities was enacted early in the 108<sup>th</sup> Congress, more than four months after the start of FY2003 on October 1, 2002. Division G of the omnibus provided funds for L-HHS-ED programs.

Seven of the 13 regular FY2003 appropriations bills were combined into a single piece of legislation, H.J.Res. 2. The conference report on H.J.Res. 2, H.Rept. 108-10, was passed on February 13, 2003, by the House (Roll Call no. 32, 338-83) and by the Senate (Roll Call no. 34, 76-20). It was signed into law by the President on February 20, 2003, as P.L. 108-7, the Consolidated Appropriations Resolution, 2003. For information on the FY2003 L-HHS-ED appropriations, see CRS Report RL31303, *Appropriations for FY2003: Labor, Health and Human Services, and Education*. For a guide to the omnibus bill, see CRS Report RS21433, *FY2003 Consolidated Appropriations Resolution: Reference Guide*.

“Across-the-Board” Reductions for FY2003 . P.L. 108-7, Division N, Title VI “Offsets,” includes Section 601 “Across-the-Board Rescissions” which required a reduction of 0.65% to most FY2003 discretionary appropriations enacted elsewhere in the law, including some of the L-HHS-ED appropriations. However, the reduction did not apply to advance appropriations for FY2004 and excluded certain specified programs, such as Head Start. Although the exact percentage of the reduction was specified, the actual application and resulting funding levels were determined later by the Office of Management and Budget (OMB) and the individual agencies. The final FY2003 amounts, as approved by OMB, are incorporated into the FY2004 tables of the House and Senate Committees on Appropriations. As a result, the tables in the H.J.Res. 2 conference report, H.Rept. 108-10, show pre-reduction levels, whereas the FY2004 reports from the House and Senate Committees on Appropriations show post-reduction funding levels for FY2003 appropriations.

## **FY2003 Continuing Resolution, P.L. 107-229 (H.J.Res. 111)**

From October 1, 2002, through February 20, 2003, when P.L. 108-7 was signed into law, a series of eight continuing resolutions extended appropriations for FY2003 on a temporary basis for most ongoing L-HHS-ED programs, including the costs of direct loans and loan guarantees. These resolutions were necessary because the regular FY2003 L-HHS-ED appropriations were not yet



enacted. Funding under the continuing resolution was provided at a rate of operations not to exceed the “current rate,” under FY2002 conditions and program authority. New initiatives were prohibited unless otherwise specifically authorized. For programs with high spend-out rates that normally would occur early in the fiscal year, special restrictions prohibited spending levels that would impinge on final funding decisions. The FY2003 continuing resolutions were: P.L. 107-229 (H.J.Res. 111), as amended by P.L. 107-235, P.L. 107-240, P.L. 107-244, P.L. 107-294, P.L. 108-2, P.L. 108-4, and P.L. 108-5. For additional information, see CRS Report RL30343, *Continuing Appropriations Acts: Brief Overview of Recent Practices*.

## Appendix A. Terminology

Note: Definitions are based on CRS Report 98-720, *Manual on the Federal Budget Process*.

**Advance appropriation** is budget authority that will become available in a fiscal year beyond the fiscal year for which the appropriations act is enacted; scorekeeping counts the entire amount in the fiscal year it first becomes available for obligation.

**Appropriation** is budget authority that permits federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Appropriations represent the amounts that agencies may obligate during the period of time specified in the law. Annual appropriations are provided in appropriations acts; most permanent appropriations are provided in substantive law. Major types of appropriations are regular, supplemental, and continuing.

**Budget authority** is legal authority to incur financial obligations that normally result in the outlay of federal government funds. Major types of budget authority are appropriations, borrowing authority, and contract authority. Budget authority also includes the subsidy cost of direct and guaranteed loans, but excludes the portion of loans that is not subsidized.

**Budget resolution** is a concurrent resolution passed by both Houses of Congress, but not requiring the signature of the President, setting forth the congressional budget for at least 5 fiscal years. It includes various budget totals and functional allocations.

**Discretionary spending** is budget authority provided in annual appropriations acts, other than appropriated entitlements.

**Entitlement authority** is the authority to make payments to persons, businesses, or governments that meet the eligibility criteria established by law; as such, it represents a legally binding obligation on the part of the federal government. Entitlement authority may be funded by either annual or permanent appropriations acts.

**Forward funding** is budget authority that becomes available after the beginning of one fiscal year and remains available into the next fiscal year; the entire amount is counted or scored in the fiscal year it first becomes available.

**Mandatory (direct) spending** includes (a) budget authority provided in laws other than appropriations; (b) entitlement authority; and (c) the Food Stamp program.

**Rescission** is the cancellation of budget authority previously enacted.

**Scorekeeping** is a set of procedures for tracking and reporting on the status of congressional budgetary actions.

**Supplemental appropriation** is budget authority provided in an appropriations act in addition to regular appropriations already provided.

## Appendix B. Scope of L-HHS-ED Appropriations

The FY2003 budget authority for all federal programs was estimated to be \$2,154.4 billion, as shown in **Table B.1**. Of this amount, the departments and related agencies funded by the L-HHS-ED bill accounted for \$1,152.0 billion (53.5%).

**Table B.1. Scope of the L-HHS-ED Bill, FY2003**

(Estimated budget authority in billions of dollars)

Budget category	Estimated budget authority	Percent of federal budget
Total federal budget authority	\$2,154.4	100.0%
Department of Labor	71.3	3.3%
Department of Health and Human Services	507.8	23.6%
Department of Education	60.5	2.8%
Social Security Administration (On-budget)	43.9	2.0%
Social Security Administration (Off-budget)	466.8	21.7%
Other related agencies	1.7	0.1%
L-HHS-ED agency total	1,152.0	53.5%
L-HHS-ED bill, total current year funds	423.1	19.7%
L-HHS-ED bill, current year mandatory funds	290.8	13.5%
L-HHS-ED bill, current year discretionary funds	132.3	6.2%
Total federal discretionary funds	749.0	34.8%

**Source:** *Budget of the United States Government Historical Tables, Fiscal Year 2004*, Tables 5.2 and 5.4; and the FY2003 conference report H.Rept. 108-10, which provides details for the FY2003 L-HHS-ED amounts under P.L. 108-7.

**Note:** For comparability, this table uses data from the February 2003 OMB budget documents and the FY2003 conference report of February 13, 2003; the data therefore do not include changes in scorekeeping, entitlements, or FY2003 supplemental appropriations.

As shown in **Table 2** (page ), the estimated FY2003 appropriations for L-HHS-ED was \$423.1 billion in current year funds—\$132.3 billion in discretionary funds and \$290.8 billion in mandatory funds. The L-HHS-ED Appropriations Subcommittees generally have effective control only over the discretionary funds, which constitute 6.2% of the aggregate budget authority for all federal departments and agencies, and 11.6% of the total budget authority for L-HHS-ED departments and agencies.<sup>1</sup> What accounts for the remaining 88.4% (\$1,018.6 billion) of L-HHS-ED funds?

First, some DOL, HHS, and ED programs receive automatic funding without congressional intervention in the annual appropriations process; these programs receive funds from permanent appropriations and trust funds instead. These programs account for most of the difference

<sup>1</sup> The annual congressional budget resolution sets aggregate budget goals; House and Senate committees initiate and report legislation to achieve these targets. Typically, appropriations committees develop proposals to meet discretionary targets through appropriations bills. Likewise, authorizing committees develop proposals to meet mandatory targets; these proposals are often reported by separate authorizing committees and combined into a single, omnibus reconciliation bill.

between the L-HHS-ED bill total of \$424.1 billion and the agency estimated total of \$1,152.0 billion in FY2003. The major programs in this group include Unemployment Compensation, Medicare, Railroad Retirement, Temporary Assistance for Needy Families (TANF, the welfare assistance program), Student Loans, State Children's Health Insurance, and Social Security benefits.<sup>2</sup>

Second, mandatory programs account for the difference between the L-HHS-ED total of \$424.1 billion and the subtotal of \$133.4 billion for discretionary funds in FY2003. Although annual appropriations are made for these programs—these are sometimes called “appropriated entitlements”—in general the amounts provided must be sufficient to cover program obligations and entitlements to beneficiaries. For these programs, as well as the programs funded through trust funds and permanent authorities, most changes in funding levels are made through amendments to authorizing legislation rather than through annual appropriations bills. Federal administrative costs for these programs typically are subject to annual discretionary appropriations, however. For L-HHS-ED agencies, these programs include Supplemental Security Income, Black Lung Disability payments, Foster Care and Adoption, the Social Services Block Grant, and Vocational Rehabilitation, as well as general (non-earmarked) fund support for Medicare and Medicaid.

Third, two HHS agencies are fully funded in other appropriations bills, and three L-HHS-ED programs were partially funded in FY2003 by bills other than L-HHS-ED. FY2003 appropriations from other, non-L-HHS-ED sources are shown for each of these agencies and programs. Prior to FY2003, the Office of Museum Services of the Institute of Museum and Library Services (IMLS) was funded through under the Interior Appropriations, but the entire IMLS has been funded under L-HHS-ED beginning in FY2003.

- The HHS Food and Drug Administration is funded by the Agriculture Appropriations (\$1.7 billion in FY2003).
- The HHS Indian Health Service is funded by the Interior Appropriations (\$2.9 billion in FY2003).
- The Corporation for National and Community Service (CNCS)—which is funded under related agencies—receives funds from the L-HHS-ED bill for programs authorized under the Domestic Volunteer Service Act of 1973 (\$354 million); it also receives funds from the FY2003 Veterans Affairs and Housing and Urban Development (VA-HUD) Appropriations for AmeriCorps and other programs authorized by the National Community Service Act (\$387 million).
- The Centers for Disease Control and Prevention (CDC) is primarily funded under L-HHS-ED (\$4.3 billion in FY2003); it also receives funds under the FY2003 VA-HUD Appropriations for the Agency for Toxic Substances and Disease Registry (ATSDR) (\$83 million).
- The National Institutes of Health (NIH) is primarily funded under L-HHS-ED (\$27.0 billion in FY2003); it receives additional funds under FY2003 VA-HUD Appropriations for certain environmental health sciences activities (\$84 million).

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<sup>2</sup> The Social Security Administration (SSA) was separated from HHS and established as an independent federal agency on Mar. 31, 1995. Within the L-HHS-ED bill, however, the SSA merely was transferred from HHS to “related agency” status. The operation of the Social Security trust funds is considered off-budget. Of the estimated \$1,152.0 billion total for L-HHS-ED departments and agencies in FY2003, the SSA accounted for \$510.7 billion, or 44.3% of the total. As shown in **Table B.1**, the SSA amount represents \$43.9 billion for designated on-budget activities and \$466.8 billion for off-budget activities.

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The annual consideration of appropriations bills (regular, continuing, and supplemental) by Congress is part of a complex set of budget processes that also encompasses the consideration of budget resolutions, revenue and debt-limit legislation, other spending measures, and reconciliation bills. In addition, the operation of programs and the spending of appropriated funds are subject to constraints established in authorizing statutes. Congressional action on the budget for a fiscal year usually begins following the submission of the President's budget at the beginning of each annual session of Congress. Congressional practices governing the consideration of appropriations and other budgetary measures are rooted in the Constitution, the standing rules of the House and Senate, and statutes, such as the Congressional Budget and Impoundment Control Act of 1974.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Labor, Health and Human Services, and Education, and Related Agencies. It summarizes the status of the bill, its scope, major issues, funding levels, and related congressional activity, and is updated as events warrant. The report lists the key CRS staff relevant to the issues covered and related CRS products.

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**NOTE: A Web version of this document with active links is available to congressional staff at:**  
<http://www.crs.gov/products/appropriations/apppage.shtml>.

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## Key Policy Staff for L-HHS-ED Appropriations

Area of Expertise	Name	Telephone
<b>Coordinator</b>	Paul M. Irwin	7-7573
<b>Department of Labor</b>		
Job training and employment services	Ann Lordeman	7-2323
Labor market information	Linda Levine	7-7756
Labor standards enforcement	William G. Whittaker	7-7759
Mine Safety and Health Administration	Edward B. Rappaport	7-7740
Occupational Safety and Health Administration	Edward B. Rappaport	7-7740
Older Americans Act, employment programs	Carol V. O'Shaughnessy	7-7329
Pension and Welfare Benefits	Paul J. Graney	7-2290
Trade Adjustment Assistance	Paul J. Graney	7-2290
Unemployment compensation	Celinda Franco	7-7360
Veterans Employment	Paul J. Graney	7-2290
Welfare-to-Work	Gene Falk	7-7344
Workforce Investment Act	Ann Lordeman	7-2323
<b>Department of Health and Human Services</b>		
Abortion, legal issues	Karen J. Lewis	7-6190
Abortion, legal issues	Jon Shimabakuro	7-7990

Area of Expertise	Name	Telephone
Abortion procedures	Judith A. Johnson	7-7077
AIDS, Ryan White programs	Judith A. Johnson	7-7077
Bioterrorism, HHS funding	Holly Harvey	7-4913
Bioterrorism, HHS funding	C. Stephen Redhead	7-2261
Bioterrorism, HHS funding	Pamela W. Smith	7-7048
Cancer research	Judith A. Johnson	7-7077
Centers for Disease Control and Prevention	Pamela W. Smith	7-7048
Child care and development	Melinda Gish	7-4618
Child welfare	Emilie Stoltzfus	7-2324
Child welfare	Karen Spar	7-7319
Cloning, Stem Cell Research	Judith A. Johnson	7-7077
Community Health Centers	Sharon Kearney Coleman	7-7367
Family Planning, Title X	Sharon Kearney Coleman	7-7367
Head Start	Melinda Gish	7-4618
Health professions education and training	Bernice Reyes-Akinbileje	7-2260
Immigration and refugee policy	Ruth Wasem	7-7342
Immunization	Pamela W. Smith	7-7048
Low-Income Home Energy Assistance Program	Emilie Stoltzfus	7-2324
Maternal and Child Health Block Grant	Sharon Kearney Coleman	7-7367
Medicaid	Elicia Herz	7-1377
Medicare	Jennifer O'Sullivan	7-7359
Needle exchange, AIDS	Judith A. Johnson	7-7077
NIH, health research policy	Pamela W. Smith	7-7048
NIH, health research policy	Judith A. Johnson	7-7077
Older Americans Act	Carol V. O'Shaughnessy	7-7329
Social Services Block Grant	Melinda Gish	7-4618
State Children's Health Insurance Program	Evelyn Baumrucker	7-8913
Stem Cell Research, Cloning	Judith A. Johnson	7-7077
Substance Abuse and Mental Health Services	C. Stephen Redhead	7-2261
Welfare reform	Vee Burke	7-7304
Welfare reform	Gene Falk	7-7344
<b>Department of Education</b>		
Adult education and literacy	Paul M. Irwin	7-7573
After-school programs	Gail McCallion	7-7758
Assessment in education	Wayne C. Riddle	7-7382

<b>Area of Expertise</b>	<b>Name</b>	<b>Telephone</b>
Bilingual education	Jeffrey J. Kuenzi	7-8645
Charter Schools	David Smole	7-0624
Education block grants	Rebecca R. Skinner	7-6600
Education of the Disadvantaged, Title I	Wayne C. Riddle	7-7382
Education technology	Charmaine Jackson	7-4894
English Language Acquisition	Jeffrey J. Kuenzi	7-8645
Higher Education	James B. Stedman	7-7356
Impact Aid	Rebecca R. Skinner	7-6600
Indian Education	Roger Walke	7-8641
Pell Grants	James B. Stedman	7-7356
Reading programs	Gail McCallion	7-7758
Rehabilitation Act	Sidath Panangala	7-0623
Safe and Drug-Free Schools and Communities	Edith Fairman Cooper	7-7019
School facilities	Susan Boren	7-6899
Special education, IDEA	Richard N. Apling	7-7352
Special education, IDEA, legal issues	Nancy Lee Jones	7-6976
Student aid	James B. Stedman	7-7356
Student loans	Adam Stoll	7-4375
Teacher recruitment, preparation, and training	Jeffrey J. Kuenzi	7-8645
21 <sup>st</sup> Century Community Learning Centers	Gail McCallion	7-7758
Vocational and Technical Education	Rebecca R. Skinner	7-6600
<b>Related Agencies</b>		
Corporation for National and Community Service (VISTA, Senior Corps)	Ann Lordeman	7-2323
Corporation for Public Broadcasting	Glenn McLoughlin	7-7073
Library Services	Gail McCallion	7-7758
Museum Services	Susan Boren	7-6899
National Labor Relations Board	Gail McCallion	7-7758
National Labor Relations Board, legal issues	Jon Shimabukuro	7-7990
Railroad Retirement Board	Dawn Nuschler	7-6283
Social Security Administration	Geoffrey Kollmann	7-7316
Supplemental Security Income	Alexa Matthews	7-7382



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